

Annual Performance Goals and Evaluation for the Enhanced Fleet Modernization Program and Clean Cars 4 All

Fiscal Year 2020/2021

Overview

Assembly Bill (AB) 630 (Cooper, Chapter 636, Statutes of 2017) requires the California Air Resources Board (CARB or Board) to set specific and measurable goals annually for the Enhanced Fleet Modernization (EFMP) Scrap Only and the Clean Cars 4 All (CC4A) Scrap-and-Replace programs. AB 630 also requires CARB to evaluate the performance of each program towards these goals and to update the guidelines if necessary, to ensure these goals are met. This report addresses this requirement for fiscal year (FY) 2020/2021. Since that fiscal year, the program has continued to expand, and, in light of its continuing success, CARB recently approved \$75 million dollars in continued program investments in future fiscal years consistent with legislative appropriations. This report is thus an early progress report for a growing program.

The Office of Administrative Law approved CARB's guidelines for CC4A and updated guidelines for EFMP with an effective date of June 7, 2019. As such, FY 2019/20 was the initial year that CARB formally set goals for these 2 programs¹. The goals focus on participation levels for each program, based on data collected over 5 years of implementation, as well as regular consultations with each implementing air district and the Bureau of Automotive Repair (BAR). For each fiscal year going forward, this report will compare each district's previous fiscal year program performance compared to the goals set for that fiscal year. This report will also establish the participation goals for each district for the upcoming fiscal year and evaluate any program areas identified for improvement including areas commented on in the California State Auditor's CARB Audit Report.

On December 10, 2020, the Board approved the Funding Plan relevant to this FY 2020/2021 report, which included an allocation of \$3.64 million in Air Quality Improvement Program (AQIP) funds for CC4A. Additional funding has since been allocated to the program such as in the FY 2021/2022 Funding Plan approved by the Board on November 19, 2021. Staff anticipates the FY 2021/22 report will be made available in early 2022, and subsequent

¹ <https://ww2.arb.ca.gov/our-work/programs/clean-cars-4-all>

reports will be included in each year's Funding Plan, which will also enhance opportunities for public review of these goals and evaluations. Each fiscal year CARB will set new goals for the upcoming year and evaluate the performance of each program relative to the goals from the previous year. CARB's intent with these goals is to set benchmarks for continued progress for each district's programs. Below, staff outlines the goals for FY 2020/21 and describes how staff determined each goal.

Clean Cars 4 All

Background

Underserved communities and communities of color disproportionately experience the negative impacts of vehicle pollution. Studies consistently show that mobile source pollution exposure near major roadways contributes to and exacerbates asthma, impairs lung function, and increases cardiovascular mortality. Residents of communities located near major roadways, often low-income or communities of color, are at increased risk of asthma attacks and other respiratory and cardiac effects. These communities are also more sensitive and likely to experience the negative impacts of climate change. This history of disproportionate exposure to polluted air makes it essential to prioritize low-income communities and priority populations who will benefit the most from the reduced emissions and cost-saving benefits of cleaner, newer vehicles and alternative methods of transportation.

The residents in these communities are often unable to afford the cleanest, most fuel-efficient vehicle technologies available. CC4A program provides much-needed incentives for lower-income residents living in and near disadvantaged communities who scrap their old vehicles and purchase or lease new or used hybrid, plug-in hybrid (PHEV), zero emission (ZEV) replacement vehicles, or alternative mobility options.

CC4A incentives are available to participants with household incomes at or below 400 percent of the Federal Poverty Level (FPL)². This is currently equivalent to \$106,000 per year for a household of 4. To ensure participants with greater needs are better served, the participant pool is grouped into 3 subcategories: Above Moderate income- 300 percent to 400 percent FPL, Moderate income- 226 percent to 300 percent FPL³, and Low income- at or below 225 percent FPL⁴. The program is designed to provide higher incentives to participants in the lower-income categories. Historically, at least 90 percent of program funds have gone to participants in the Low-Income category.

The program was initially launched as a pilot project called EFMP Plus-Up Pilot Project (or EFMP Plus-Up) in July 2015. After several years of growth, AB 630 formally codified the pilot project as a stand-alone program and changed the name to CC4A. CC4A program is

² Income examples based on 2021 FPL values. Most recent values can be found at: <https://www.healthcare.gov/glossary/federal-poverty-level-fpl/>

³ 300 percent FPL for a family of four is \$79,500 per year.

⁴ 225 percent FPL for a family of four is \$59,625 per year.

overseen by CARB and implemented by participating air districts. At the start of FY 2020/21, 4 air districts were implementing CC4A: South Coast Air Quality Management District (South Coast AQMD or SCAQMD), San Joaquin Valley Air Pollution Control District (San Joaquin Valley APCD or SJVAPCD), Bay Area Air Quality Management District (Bay Area AQMD or BAAQMD), and Sacramento Metropolitan Air Quality Management District (Sacramento Metropolitan AQMD or SMAQMD).

Due to significant interest, several expansions to the program are underway. In the FY 2021/22 Funding Plan, CARB has approved an initial set-aside of \$5 million for the San Diego Air Pollution Control District (San Diego APCD or SDAPCD) to develop a local CC4A program. Additionally, staff is pursuing efforts for offering the program statewide. The next steps to enable this expansion are addressed in more detail in the Future Program Activity section below.

CC4A is part of a larger suite of incentive programs funded by Cap-and-Trade auction proceeds, called the Low Carbon Transportation Investments (LCTI Incentives) and AQIP. The Legislature sets the budget for LCTI Incentives each year, and CARB allocates funding to the individual programs (including CC4A) each year through the Funding Plan. CC4A is an essential component to CARB's efforts to address climate change and prioritize low-income communities and communities of color. CC4A program is designed to help individuals who need it the most get out of higher-polluting vehicles and into cleaner advanced technology vehicles or mobility options.

This report will focus on evaluating FY 2019/20 program performance and setting program goals for FY 2020/21. The goals and metrics provided in this report are primarily generated using data reported by implementing districts to CARB on a quarterly basis. As such, the data cut off date to support this analysis and forecasting is March 31, 2021. Since FY 2014/15 through March 31, 2021, CARB has allocated a total of \$115.6 million for CC4A, including \$102 million of LCTI Incentives, \$10 million of Volkswagen (VW) funding, and \$3.6 million of AQIP funding. LCTI funding is subject to Legislative Budget appropriation on an annual basis. Use of VW and AQIP funding to support CC4A, are one-time sources. CARB has granted \$112 million to implementing air districts by the beginning of FY 2020/21 and is finalizing the grant agreement for the remaining \$3.6 million. As of March 31, 2021, districts have expended approximately \$97.3 million, with \$28.9 million expended on FY 2019/20 projects. Some air districts have also contributed additional local funds to their CC4A programs. SJVAPCD provided \$800,000 to pilot EFMP/CC4A program in 2014. SCAQMD and BAAQMD contributed a total of \$6 million and \$10 million respectively over the life of their programs to maintain operations when needed. At this time, additional funding is needed to maintain program growth, as the participation in all programs continue trending upward, as illustrated in the following sections. Staff will continue to work with the districts on how best to use available allocated funds.

FY 2019/20 Results

Primary Metric – Vehicle Replacements

The primary metric for the CC4A program is the number of eligible Low to-Moderate income Californians who have replaced their old, higher-polluting vehicles with cleaner modes of transportation.

In the first half of FY 2019/20, CC4A programs demonstrated continued growth. Each district witnessed increasing participation rates in-line with previous quarters across all income groups, with residents in the 225 percent FPL and below demographic continuing to account for 85 percent of all vouchers. Upon entering the second half of FY 2019/20, the global health and economic crisis and its subsequent government mandated lockdown resulted in a momentary reduction in participation across all districts as dealerships and dismantlers were intermittently closed.

South Coast AQMD

The district launched their program in July 2015 with 586 total participants in FY 2015/16. Participation has steadily increased year after year, with SCAQMD regularly having the highest overall number of replacements annually. SCAQMD typically performs very consistently from quarter to quarter and the annual goals reflect this high upward program performance trend. However, completed incentives were adversely affected in the second quarter of 2020 by the ongoing health and economic crisis. Despite this, since its inception, SCAQMD's program has more than tripled in size, helping 1,733 participants in FY 2019/20, reaching over 95 percent of the district's FY 2019/20 goal. Furthermore, as noted above, between FYs 2015/16 and 2020/21, SCAQMD has supported the program with investment of its own local funds.

San Joaquin Valley APCD

The district launched their program in July 2015 with over 500 participants in FY 2014/15 and experienced varying participation since. By increasing traffic to the district website and call center that provides residents the option to apply online or over the phone through increased outreach, the district helped offset the normally cyclical quarter-to-quarter pattern as well as the dip due to the ongoing health and economic crisis. Since the program's inception, participation has almost doubled to 984 participants for FY 2019/20. This exceeded the FY 2019/20 goal of 700 – 900 incentives. As noted above, SJVAPCD has previously invested funds to pilot EFMP/CC4A program in 2014.

Bay Area AQMD

The district launched their CC4A program 1 month before FY 2019/20 with 15 participants in the first month alone. Through successful outreach, program administration, and use of digital tools, the district processed 695 participants for FY 2019/20. This exceeded the

FY 2019/20 goal of 400 – 600 incentives. Furthermore, in FYs 2019/20 and 2020/21, the Bay Area AQMD has supported the program with investment of its own local funds.

Sacramento Metropolitan AQMD

The district had originally planned to launch their CC4A program in the first quarter of 2020. However, due to contract negotiation issues, compounded by the ongoing health and economic crisis, the district was not able to formally launch their program until August 2020, in the first quarter of FY 2020/21. Therefore, there were no processed incentives to report for FY 2019/20. This fell short of the FY 2019/20 goal of 200 – 250 incentives.

FY 2019/20 Clean Cars 4 All Program Performance

Table 1 summarizes FY 2019/20 participation data compared to the original goals for each of the 4 implementing air districts. Table 2 breaks down the FY 2019/20 participation data based on vehicle technology per air district. Note that the program overall did meet the goal for total participation. Complete historical participation data used in the generation of the annual Funding plan summary can be found at <https://ww2.arb.ca.gov/efmp-scrap-and-replace-and-cc4a-summary-report>.

Table 1: CC4A FY 2019/20 Participation Rates

Air District	FY 2019/20 Projected	FY 2019/20 Actual
SCAQMD	1,800-2,000	1,733
SJVAPCD	700-900	984
BAAQMD	400-600	695
SMAQMD	200-250	0
Total Annual Participants	3,100-3,750	3,412

Table 2: FY 2019/20 Funded Vehicle Technologies and Options

Replacement Vehicle Technology	SCAQMD	SJVAPCD	BAAQMD	SMAQMD	All Districts
Battery Electric Vehicle (BEV)	140	65	173	0	378
Fuel Cell	5	0	3	0	8
PHEV	1126	598	371	0	2,095
Conventional Hybrid	461	321	142	0	924
Alt mobility transportation	1	0	6	0	7
Electric Vehicle Supply Equipment (EVSE) funded for BEVs & PHEVs*	3	0	42	0	45
Total Vehicle Replacements	1,733	984	695	0	3,412

*Optional charging equipment installations. Not included in Vehicle Replacement totals

FY 2020/21 Goals

Primary Metric – Vehicle Replacements

CARB program staff developed the FY 2020/21 goals through the public process. Staff conducted an initial public work group meeting on 4/21/2021, and presented draft final goals at district meetings held between 5/19/2021 and 5/24/2021. These meetings focused on an ongoing effort to increase transparency and coordination with the administering air districts in the goal setting process. Staff also considered the changing conditions of the economy when developing the FY 2020/21 goals for helping low-income Californians into cleaner transportation. As the government slowly began to lift restrictions, additional funding was not yet available, CARB staff determined additional data was necessary to accurately set goals. Districts were offered the opportunity to submit additional metrics and details such as applicant processing times, participant survey data, and planned program updates. This data incorporates each district's operational capacity and program demand to develop additional quantitative metrics that better gauge the success of programs and inform future goalsetting.

In addition to the submitted data, staff made the following general assumptions for each air district:

- 1) The incentive amount (averaged across participants) stays fairly consistent from year to year;
- 2) The average total cost of each incentive is \$9,000;
- 3) Funding would be available so that participation will be at least as high as the previous FY. Participation is primarily determined by applicant demand, funding being fully available, and air district processing capacity. All implementing air districts use a website to help outreach to potential low-income residents living in disadvantaged communities. Low-income residents have access to relevant program information and can submit initial application information at any time. Case managers then process these requests as received; and
- 4) For Current Funding Projections – The maximum potential number of vouchers the participating district would have been able to achieve, primarily generated by CARB data and confirmed by districts. The FY 2020/21 Funding Plan allocated \$3 million to BAAQMD and \$640,000 to SJVAPCD in AQIP funds. While the Funding Plan included provisions to allow additional contingency funding in advance of FY 2021/22 Funding Plan, this funding was not distributed in time to affect these projections. This reduced some districts' capacity for program expansion. Therefore, the participation rate goals in FY 2020/21 were limited by current application processing capacity and/or by the district's remaining available funding as of the first quarter of 2021;
- 5) For Sufficient Funding Projections – Sufficient additional funding is also available for districts to enact program changes aimed at increasing outreach and participation, as

has been available in previous FYs. Example of such changes are: hiring of additional personnel, upgrades to application processing infrastructure, and program eligibility expansion. These projections were generated primarily by the districts and supported by metrics and data provided to CARB. The final value was generated by CARB staff based on all data that was made available.

Provided below is additional detail on how staff determined FY 2020/21 goals for each air district:

South Coast AQMD

With current funding only and no additional funding for FY 2020/21, the maximum possible vouchers were limited to 1,700 for FY 2020/21. Due to almost depleted funding, as of October 2020 the district has stopped accepting new applications and enacted a waitlist for 670 in-progress applications. These waitlisted applications are still being processed on a first-come-first-serve basis until remaining funds are depleted. If sufficient funding was made available in FY 2020/21, the FY 2020/21 goal would have been 1,900 to 2,100 participants. Upon approval of the \$28 million allocation in the FY 2021/22 Funding Plan, SCAQMD has reopened the program to new applications. CARB and District staff expect the program to maintain high participation rates in FY 2020/21 and beyond, limited primarily by available funding. These goals were agreed upon by CARB and district staff based on all current and available CARB and district data and program plans communicated from the district.

San Joaquin Valley APCD

With current funding only, the maximum possible vouchers were limited to 800 for FY 2020/21. Due to depleted funding, the district has enacted a waitlist for new applications while older applications continue to be processed. If sufficient funding were available, FY 2020/21 goal would have been 1,400 to 1,600 participants. Once the district receives the first disbursement of the \$15 million allocation from the approved FY 2021/22 Funding Plan, SJVAPCD will discontinue the waitlist and process all applications. CARB and District staff expect participation to grow steadily through FY 2020/21 with the continued success of increasing access to the program through the district's online application portal and phone application process. The district has indicated additional funding would allow up to 8,000 participants per year but has not submitted metrics, plans, or details yet to justify this increase. Thus, CARB is setting the goal at the lower levels, which do still represent an increase from previous years. CARB does support the district's aspirations to increase participant access even more and welcomes additional data and future discussion on how to achieve this. These goals were developed primarily by data available to CARB and with input from district staff.

Bay Area AQMD

With current funding only, the maximum possible vouchers were limited to 650 for FY 2020/21. Due to significant first year program growth and subsequent funding expenditure, the district has enacted a waitlist in September 2020 for new applications to allow focus on in-progress applications. With the allocation of additional local funds, the

program was reopened in the first quarter of 2021. To maximize low-income outreach, eligible zip codes were reduced from 293 to 76, focusing only on DAC associated zip codes. Additionally, to maximize emission reduction benefits and in accordance with VW grant requirements, BAAQMD is prioritizing PHEV and ZEV technologies over conventional hybrids. If sufficient funding were available, the FY 2020/21 goal would have been 700 to 900 participants. While projections in this report were based on CARB provided funding, BAAQMD expects significant enough demand for this program to have allocated a total of \$10 million in local funds to maintain program operation, growth, and support administrative expenses. These goals were agreed upon by CARB and district staff based on all current and available CARB and district data and program plans communicated from the district.

Sacramento Metropolitan AQMD

With current funding and processing capability only, the maximum possible vouchers were limited to 350 for FY 2020/21. The delays due to contract issues and compounded with dismantler closures because of the global health crisis, persisted through FY. The subsequent loss of all contractor application processing staff halfway through FY 2020/21 also contributed to processing capacity being underutilized. Due to the reduced processing capacity, the district has enacted a waitlist for new applications while older applications continue to be processed. Without the loss of contractor staff, FY 2020/21 goal would have been 600 to 800 participants. As new contractors are brought online, CARB and district staff expect significant increases in program participation in the next FY. This goal was agreed upon by CARB and district staff based on all current available data and communicated program planning.

FY 2020/21 Clean Cars 4 All Vehicle Replacement Goals

Table 3 summarizes the FY 2020/21 participation goals for each of the 4 implementing air districts. Note the maximum limits on participation for each of the air districts due to the available Current Funding compared to the potential participation growth if additional Sufficient Funding had been made available.

Table 3: CC4A FY 2020/21 Projected Vehicle Replacement Rates

Air District	FY 2019/20 Actual	FY 2020/21 Projected "Current Funding"	FY 2020/21 Projected "Sufficient Funding"
SCAQMD	1,733	1,700	1,900-2,100
SJVAPCD	985	800	1,400-1,600
BAAQMD	695	650	700-900
SMAQMD	0	350	600-800
Total Annual Participants	3,412	3,500	4,600-5,400

Secondary Metric – Program Performance and Co-Benefits from Participant Surveys

Developed through a robust public process, CC4A program was intended not just to provide participants the benefit of a cleaner and more efficient vehicles, but to also deliver the co-benefits that come with having more reliable transportation, such as greater access to economic opportunities. While participant surveys have indicated some participants have realized these co-benefits, the California State Auditor’s CARB Audit Report has highlighted the need to better quantify these co-benefits. In response to CARB Audit Report, CARB has added a secondary metric of program effectiveness, the evaluation of participant surveys, for ongoing analysis. These surveys allow CARB and the districts to better gauge program performance and outlook from the perspective of the participants themselves, and to inform improvements to the program to better serve the participants and provide both the

emissions benefits and the co-benefits. While CARB established standardized survey questions, each district has flexibility to include additional questions to better serve their constituents. Each district also determines the appropriate means to reach their constituents for survey distribution and feedback collection. A sample of the current required survey questions can be found in [Appendix A](#). CARB staff is currently working on developing new survey questions to gather more specific information to factor into program improvements, as well as to better gauge the co-benefits provided to program participants.

Each district is required to request and collect survey data from all program participants at the 12, 24, and 30-month ownership intervals. As illustrated on Table 4, district program survey response rates have not met the requirements as not all districts have been able to reliably collect the required survey responses. For example, the initial 12-month ownership responses that were gathered primarily from SCAQMD and BAAQMD programs and analyzed by CARB staff thus far cover approximately 26.3 percent of all survey-eligible CC4A participants. Moving forward, CARB staff will work with all districts to improve survey response rates, including investigating alternative means of reaching participants. These improvements will be included as part of required updates to district program implementation plans that will be approved by CARB.

Table 4. CC4A Cumulative Participant Survey Response Rates

District	Survey Interval (months)	Participants Eligible for Survey	Survey Responses	Response %
SCAQMD	12	6069	2174	35.8%
	24	4206	1273	30.3%
	30	3198	956	29.9%
SJVAPCD	12	2868	0	0.0%
	24	1884	0	0.0%
	30	1403	0	0.0%
BAAQMD	12	550	320	58.2%
	24	N/A*	N/A*	N/A*
	30	N/A*	N/A*	N/A*
SMAQMD	12	N/A*	N/A*	N/A*
	24	N/A*	N/A*	N/A*
	30	N/A*	N/A*	N/A*
Totals	12	9487	2494	26.3%
	24	6090	1273	20.9%
	30	4601	956	20.8%

* Participants have not yet passed the ownership milestone.

Feedback from Participants - Key Successes

“Without it I probably would not have replaced my old car.”

At least 15 respondents from SCAQMD and 3 from BAAQMD have indicated that the presence and value of the incentive directly influenced their willingness and ability to replace their older vehicle. The incentives allowed participants to obtain far newer, cleaner, and safer vehicles than what participants expected. CC4A incentives have also swayed some already prospective car buyers away from internal-combustion engine vehicles and towards cleaner technologies.

“No more visits to gas stations. Help the Environment!”

There is general consensus amongst participants that their replacement vehicles have led to savings by spending less money on gas and less time at gas stations with 96 percent of respondents indicating that they are spending less on fuel. The savings have helped “keep food on the table and a roof over [their] heads.” In light of the recent health emergency, this has an added benefit of reducing participants’ exposure to common high contact surfaces at gas stations. Participants also express satisfaction at the reduced environmental impact of their replacement vehicles. The usage of new and cleaner technologies aid participants in feeling engagement and ownership in the effort towards cleaner air.

“Allowed me to keep my job and get a second job as well as safely transport my family.”

The vast majority of respondents consider their replacement vehicles as more reliable than their retired vehicles. The increase in perceived reliable transportation reduces their day-to-day worries and allows them to focus on other priorities. 96 percent of SCAQMD respondents indicated they believed their new vehicle was more reliable and 15 percent of BAAQMD respondents have indicated their new vehicles have changed their household’s employment opportunities or plans for the future. Participants feel more secure transporting their families safely and pursuing new career opportunities further away from their homes.

Feedback from Participants - Challenges

“The cost for charging outside in the public is still very high.”

A recurring issue with program participants that purchased PHEVs or BEVs is managing the charging of their vehicles. Approximately 1 percent of SCAQMD responses and 4 percent of qualifying BAAQMD responses of survey respondents reported difficulty ensuring adequate charging of their vehicle, either due to long charging times, expense of public charging, or lack of reliable charging locations. While CC4A does offer an additional incentive for EVSE, most participants did not participate in this aspect of the program. One main reason may be a lack of awareness of this option. CARB will work with districts to ensure that this opportunity is clearly communicated to participants to ensure that they have all available information to choose a method of transportation that meets their needs.

Upfront cost for installation and long wait times for reimbursement processing also remain significant barriers for many of CC4A’s target population. In response to the large number of public comments and participants that cannot install or utilize at-home vehicle charging, as of November 2020 CARB has authorized the purchase of charging cards in lieu of EVSE installations. These pre-paid cards will provide needed funds and flexibility for participants to fully utilize their new vehicle’s electric technology. Each participating District is developing the necessary plans and processes to incorporate this charging card option into their programs. For example, SMAQMD has assigned a contractor and allocated funding to provide up to 300 charging cards for qualifying applicants.

While diverting program funds to increase charging access would reduce available funds for replacement vehicles in the short term, this support could assist in alleviating consumer range-anxiety and encourage electric vehicle technology adoption and industry growth. Districts have indicated that additional funding would allow them to further promote charging options without reducing the number of participants they serve.

“I had to pay unexpected taxes this year.”

A small number of respondents reported that they were caught off-guard upon learning that the program incentive was deemed to have contributed to their taxable income when filing tax returns because it was listed by a district on federal disclosure forms as income. The increase in apparent taxable income resulted in reduced refunds or surprise tax bills. At least one participant remarked that the increase in stated income resulted in reductions or difficulties with other income-based assistance programs such as Covered CA and SNAP.

It is not in the participants’ best interest to have these incentives adversely affect their annual income tax filing. The issue has real and significant impacts on the value of the incentive and therefore the efficacy of the program in total. Many participants in the programs’ target communities may not be able to afford unexpected income tax bills when including the 1099-G forms received for their incentive. Districts vary in terms of policy regarding issuing 1099s; for its part CARB does not issue 1099s for programs administered at the State level (e.g., for the Clean Vehicle Rebate Project). To facilitate improvements to the CC4A district programs, CARB will be requiring districts to update their program implementation plans. This will include a requirement that districts to provide additional guidance and financial

education to participants so they may better understand the financial implications of the incentives they receive. In addition, as noted in the FY 2021/22 LCTI Funding Plan, CARB is working with the districts to standardize the approach to address tax implications of the program, including impacts on participants' tax returns. While CARB is not a federal or tax regulating entity, these incentives are intended to serve as purchase price buy-downs for low-income consumers, not income.

“Having to purchase a car at the dealership was painful.”

Approximately 5 percent of respondents mentioned issues related to coordinating with car dealers. Issues mainly revolve around difficulty finding viable replacements due to lack of nearby dealerships or available inventory. Participants reported feeling rushed into purchasing a less suitable replacement due to vehicle availability and vehicle purchase deadlines mandated by the program. Additionally, participants felt participation in the program reduced the ability to negotiate better pricing as normally would be done during vehicle purchases leading to larger than desired loans.

As approved dealerships are the only means to purchase vehicles under this program, it is essential that program participants feel confident in negotiating with dealerships. CARB will work with districts and stakeholders to improve educational outreach to participants covering items such as new vehicle technology usage and additional assistance programs such as Financing Assistance. This could include conducting work groups to develop formal baseline subject criteria or best practices materials for all district programs and other such measures. This ensures participants can find and afford replacement vehicles that meet their everyday needs.

It is equally important for dealership staff to understand the program to better serve the participants. CARB will work with districts to further engage with dealers to educate dealer staff on program requirements and processes. If necessary, CARB and the districts may re-examine program implementation plans with dealerships to ensure that areas of improvement are addressed. CARB staff will also examine alternative measures such as conducting public workgroups to solicit stakeholder feedback and potential solutions for dealer engagement.

“It would be really helpful if you could let [participants] know all the benefits/incentives they may be eligible for.”

In the pursuit of air pollution and emissions reductions, the State of California and its local air districts have enacted a network of programs with this goal in mind. However, California's intricate system of state and local incentive programs can be difficult for participants to navigate and fully utilize. This can mean that participants may not receive the full assistance available towards their vehicle purchase or complimentary benefits such as solar power to reduce vehicle charging costs.

CARB is developing the Access Clean California one-stop-shop pilot program. This program provides a central location for participants to access various state funded light duty incentive programs to help maximize the state-provided benefit for their replacement vehicle. Information on CC4A and Clean Vehicle Rebate Programs is already available through Access

Clean California. All districts implementing CC4A are required to work with Access Clean California to ensure consistent and accurate information is provided. Access Clean California will also link with local incentives so participants will be able to conveniently access California's unique suite of incentive and assistance programs. Having a single initial point of information would aid in overcoming barriers to increase ease of access for all residents as programs continue to grow and expand to new service areas.

Secondary metric – Participant Survey Conclusions

As illustrated by the above examples, the overall participant feedback reflects both a generally positive view of CC4A program in making newer, cleaner vehicles affordable to consumers that may have otherwise been priced out of the market and opportunity for improvements to better achieve the overall program goals. CARB staff will take steps to address the specific concerns as described above such as:

- District program incorporation of prepaid charging cards
- Additional guidance and education for participants on potential financial impacts
- Improvements and standardization of dealership practices and consumer education
- Further integration with Access Clean California to ensure participants are aware of other programs they may be eligible for

CARB staff will also develop more robust procedures to garner additional feedback as noted in the Areas for Future Study and Program Improvement section below.

Enhanced Fleet Modernization Program

Background

EFMP consists of 2 component programs: A statewide Scrap-only program implemented by BAR, and a Scrap-and-Replace program implemented by SCAQMD and SJVAPCD. The Scrap-only program provides incentives for participants to retire their vehicle at a BAR-licensed vehicle dismantler. The Scrap-and-Replace program offers an additional incentive amount in addition to the Scrap-only incentive towards the purchase of a qualifying newer vehicle. Funding for EFMP comes from a 1-dollar surcharge on vehicle registration, which generates approximately \$33 million annually. The majority (just over 90 percent) of the annual EFMP budget goes to BAR to implement the Scrap-only program. CARB uses the remainder (typically \$2.8 million or less than 10 percent) to implement EFMP Scrap-and-Replace and has historically split the funding evenly between the 2 implementing air districts, SCAQMD and SJVAPCD. Because funds have historically been split evenly between the two districts and used in a similar manner, the performance of EFMP Scrap-and-Replace program is evaluated as a whole, rather than by each district. Both component programs are typically oversubscribed, so the primary determinants of participation levels each year is the amount of funding available and the average total cost of each incentive.

FY 2019/20 EFMP Results

The performance metric for EFMP is the number of vehicles brought through these programs. Table 5 summarizes the FY 2019/20 EFMP Scrap-only and Scrap-and-Replace results.

In the first half of FY 2019/20, both EFMP Scrap-only and Scrap-and-Replace performed as expected towards meeting the planned goals. However, upon entering the second half of FY 2019/20, the global health and economic crisis and its subsequent government mandated lockdown resulted in disruptions to the program operations across the state. In particular, the intermittent shutdowns and increased processing times at BAR-certified dismantlers slowed down processing of EFMP Scrap-only retirements. EFMP Scrap-only incentives for FY 2019/20 totaled 25,579.

EFMP Scrap-and-Replace goals for this section are calculated assuming all of the funds will be used within the fiscal year as the sole funding source for replacement projects. However, to maximize benefits to residents, EFMP Scrap and Replace funds are often used to split-fund CC4A projects to maximize incentives for cleaner technologies for participants in priority populations. These split-funded projects are included in CC4A program performance metrics stated above. Districts will at times fund replacement incentives using only EFMP Scrap-and-Replace funds for participants that aren't able to qualify for CC4A program. SCAQMD issued 130 such Scrap-and-Replace-only incentives for FY 2019/20. SJVAPCD did not issue any such standalone EFMP Scrap-and-Replace-only incentives for FY 2019/20.

Table 5. EFMP Scrap-Only and Scrap-and-Replace FY 2019/20 Results

EFMP Program	FY 2019/20 Goal	FY 2019/20 Actual
Statewide Scrap-Only	25,900	25,579
EFMP Scrap-and-Replace Total	560*	130
SCAQMD	280*	130
SJVAPCD	280*	0

*Assumes all funds will be used within the fiscal year and is the sole funding source for replacement projects

EFMP Goals for FY 2020/21

The goal for FY 2020/21 for EFMP Statewide Scrap-Only program and EFMP Scrap-and-Replace program is the number of vehicles bought through these programs as detailed below.

Statewide Scrap-Only Program

EFMP Scrap-only program is implemented statewide by BAR. Projects are funded on a first-come, first-served basis, rather than having funds allocated per region or air district. EFMP Scrap-Only program goal for FY 2020/21 is to retire 19,500 vehicles. This is less than FY 2019/20 retirements, which totaled 25,579 vehicles. The decrease is largely attributable to a recent budget realignment in FY 2020/21 which lowered EFMP's Scrap-Only appropriation to \$29.5 million (from \$37 million) to address EFMP's declining fund reserves.

EFMP Scrap-and-Replace

FY 2020/21 funding for Scrap-and-Replace is \$2.8 million and is evenly split between SCAQMD and SJVAPCD. While the Scrap-and-Replace funding is restricted to the same lower-income levels served by CC4A, it is not limited to either advanced technology replacement vehicles, or to residents of disadvantaged communities. This provides districts the flexibility to ensure that they can serve constituents for whom an advanced technology vehicle may not be an adequate replacement. The demand for this flexibility determines if the funding is used to pay a portion of CC4A projects or is attributed to separate EFMP Scrap-and-replace transactions. If all the funding went to EFMP Scrap-and-Replace transactions, approximately 560 vouchers could be funded. This is based on the average total cost of each incentive, which is \$5,000 (the average includes projects receiving the mobility option of \$7,500). Thus, staff determined that a goal of 560 transactions funded in whole or in part by EFMP Scrap-and-Replace funds was an appropriate goal.

Future allocations of EFMP Scrap-and-Replace funds may be broadened to include other air districts, where there may be a greater number of applicants who would be eligible for EFMP Scrap-and-Replace but not CC4A.

FY 2020/21 EFMP Participation Goals

Table 6 summarizes the FY 2020/21 participation goals for EFMP Scrap-Only and Scrap-and-Replace programs. Note the reduced expected Scrap-Only goal due to the recent budget realignment.

Table 6. EFMP Scrap-Only and Scrap-and-Replace FY 2020/21 Goals

EFMP Program	FY 2020/21 Goal
Statewide Scrap-Only	19,500
EFMP Scrap-and-Replace Total	560
SCAQMD	280
SJVAPCD	280

Areas for Further Study and Program Improvements

The primary performance metric demonstrates steady program growth for all districts and the secondary participant survey metric shows generally positive responses. However, discussions with the districts and review of the participant surveys have highlighted areas that CARB and the districts can continue to improve to make CC4A program more beneficial for participants.

All participating districts have increased the available incentive limit for alternative mobility options to \$7,500 in accordance with the approved CC4A Guidelines. Since this change, some districts have shown an increase in number of participants choosing mobility options over replacement vehicles. BAAQMD has also elected to promote electric bicycles (e-bikes) as a mobility option. Other air districts such as SCAQMD are also planning to implement an e-bike option promotion once funding becomes available. CARB will continue working with districts and other stakeholders to further expand these mobility options to maximize emission reduction benefits.

To better identify the socioeconomic benefits such as increased vehicle reliability and the results that have been reported anecdotally (e.g., increased employment opportunities) and ensure responsiveness to the California State Auditor’s recommendations, CARB staff is developing an updated participant survey. This survey will provide for more streamlined data collection, analysis, and identification of benefits or areas for improvement. In addition to the internal development, CARB staff has also offered the districts the opportunity to provide additional input in this effort to assist in refining the survey questions and develop methods to improve data quality and participant response rates. Examples of items under consideration include obtaining initial survey feedback before incentive disbursement, collecting additional demographic data, determining best practices for survey distribution and collection, and coordinating with local organizations for survey distribution and collection.

Future Program Activity

To help offset the previous budget shortfalls and maintain program operations, for FY 2021/22 CARB allocated \$25 million in early contingency funds before the approval of the annual LCTI Funding Plan. These contingency funds are split equally between the three district programs in most need: SCAQMD, SJVAPCD, and BAAQMD. These funds will allow these districts to begin addressing waitlisted applications and reopen their programs to new applications. Additional funds approved by the Board through the FY 2021/22 LCTI Funding Plan will be amended into the contingency grants accordingly.

CARB has also made \$5 million available through the FY 2021/22 Funding Plan for the development of a CC4A program to serve San Diego APCD residents. Providing full funding to current programs and funding new programs will increase access to newer and cleaner transportation for more low-to-moderate income Californians and contribute to achieving the State's air quality, climate, and equity goals. CARB continues to work with implementing air districts to improve the program in response to stakeholder feedback. Incorporating prepaid charging cards in the program will provide opportunities for residents unable to install EVSE at their primary residence. Additional efforts for standardizing dealership processes will also enhance existing consumer protection and education efforts.

As mentioned above, staff anticipates providing the FY 2021/22 goals and report in early 2022, then will plan to incorporate subsequent future year goals into each year's Funding Plan. This should ensure opportunity for public input, and allow for a closer alignment of the goal setting and available funding. This will also provide for greater transparency regarding program performance.

Finally, the Legislature has indicated that it would like CC4A to be offered throughout the state. While funding has not been appropriated yet, there are indications that future year budgets will include funds for that purpose. Staff is working on preparing a solicitation to provide access statewide to ensure those consumers not residing within one of the implementing air districts can still take advantage of the opportunities offered by CC4A.

Conclusion

CC4A has made significant progress since launching in July 2015. Even with the past year's global economic and health crisis, demand for all district CC4A programs remained strong. This indicates a continued high level of interest and demand for these incentives among the priority populations.

The participation goals established in this document reflect staff's expectation of continued growth in FY 2020/21, especially with the growth of new programs in the Bay Area and Sacramento Metropolitan air districts. CARB will evaluate each air district's progress toward these goals at the end of FY and make the results available on our website. Among other variables, meetings with the implementing districts and analysis of the district project performances highlight available funding as the main limiting factor to program growth. As of June 30, 2021 CARB does not recommend any changes be made to the current guidelines

for CC4A Program. However, CARB will continue to work with air districts to maintain program growth and explore new areas for program expansion to maximize benefits to residents in most need and anticipates that some guideline changes may be needed at some point to facilitate that.

The process of meeting with district to set and evaluate goals each year will help CARB determine whether any programmatic changes are necessary as the program evolves. Some changes may be implemented by air districts through modification of their implementation processes. If staff identify any necessary policy changes, these will be formally proposed and finalized through the annual Funding Plan process.

CARB staff is taking multiple steps in response to the California State Auditor's recommendations. Until a new participant survey is finalized and deployed, CARB will continue to work with districts to improve survey response collection and monitor available participant survey results to ensure CC4A program meets the needs of California residents. These surveys are an essential tool in fine-tuning the district programs to best serve their constituents. CARB staff plans to utilize this data to identify socioeconomic benefits experienced by participants such as improved transportation reliability. CC4A will also continue to coordinate with other CARB incentive programs, academic research groups, and organizations to identify program overlaps and better analyze socioeconomic and emissions benefits.

The general public, stakeholders, and the Legislature have expressed interest in expanding CC4A program to new districts and potentially throughout the state. CARB agrees that there are still unserved or underserved populations that could benefit from CC4A program. In response, CARB staff has begun evaluating the current guidelines and regulations for any necessary updates to facilitate this growth. Any potential changes to the program will be discussed and finalized through a separate public process and/or the annual LCTI Funding Plan. CARB looks forward to continuing to engage with other organizations and potential stakeholders to develop synergies, coordination, and support for these expansion efforts.

CC4A remains an important component of California's sizeable equity incentives portfolio. It is important for CARB to continue working with the districts and stakeholders to develop ways to improve CC4A's reach to the populations that need it the most and increase the benefits that these incentives can provide. CARB staff look forward to continuing this improvement progress and program growth to help achieve California's clean transportation and climate protection goals.

APPENDIX A, SAMPLE PARTICIPANT SURVEY

FY 2020 – 2021 EFMP/CC4A Annual Report

Sample Participant Survey

1. On a scale of 1 to 10, with 1 being very unsatisfied and 10 being very satisfied, how satisfied are you with the replacement vehicle you chose?
2. On a scale of 1 to 10, with 1 being very unsatisfied and 10 being very satisfied, how satisfied are you with the process to retire and replace your vehicle?
3. On a scale of 1 to 10, with 1 being very unsatisfied and 10 being very satisfied, how satisfied are you with the terms of your loan?
4. Do you expect to be able to keep up with your loan payments?
5. What, if anything, about your loan worries you?
6. Has your replacement vehicle changed your employment opportunities or your plans for your future?
7. How much more or how much less is your income now that you have a replacement vehicle?
8. How much more or how much less are you spending on repairs for your replacement vehicle than your retired vehicle?
9. How much more or how much less are you spending on gasoline/fuel for your replacement vehicle than for your retired vehicle each month?
10. How many more or how many fewer miles do you drive your replacement vehicle than your retired vehicle?
11. Approximately how many miles have you driven your replacement vehicle?
12. What, if anything, about your replacement vehicle worries you?
13. What, if anything, do you like/enjoy about your vehicle?
14. If purchased, how much did you spend on electric vehicle service equipment (EVSE)?
15. If you purchased an electric replacement vehicle, how do your costs for electricity compare to your gasoline/fuel costs on your retired vehicle?