



Catalyst Program – FAQs

Updated as of July 17, 2023

1. What is the Catalyst Program?

The Catalyst Program, as proposed, would allocate up to \$26.5 million to each of the 13 Community Economic Resilience Fund (CERF) regions to bridge the gap between creating plans and getting projects funded. The Program would continue High Road Transition Collaboratives (HRTC) social infrastructure, amplify capital streams, facilitate workforce development connections, and conduct pre-development activities, which will lead to projects that meet the CERF objectives of equity, sustainability, job quality and access, economic competitiveness, and economic resilience. Catalyst investments will enable regions to develop exploratory projects and to move existing projects in various stages of development towards readiness.

2. Why is the CERF Interagency Team recommending this funding allocation?

State, federal, and private funds typically target projects that are ready for implementation rather than to the early investments needed to prepare projects. Too many communities across California lack the funds necessary to move projects through the development process (e.g., conducting feasibility or environmental studies, identifying and controlling sites for development), disqualifying them from many funding opportunities. Disinvested communities have suffered the most from this dynamic, while their better-resourced neighbors have been able to allocate capital to developing projects that are 'ready-to-go', or ready for immediate implementation. This need has been identified across many programs and agencies in California, with more grant programs attempting to bridge the gap between planning and implementation. The Catalyst Program will fund communities across California to develop projects that align with the vision of the HRTC and position them to access additional federal, state, and private funds.

Allocating funds for a Catalyst Program will accomplish several goals: it will maximize funding streams, alleviate CERF timeline constraints, and enable projects developed during the Planning Phase to receive funding.

- a. *Maximize funding*: Projects ready for implementation that don't need to undergo additional study or approval processes are more competitive for federal, state, and private funding sources. The Catalyst Program will provide regions the funds to develop competitive projects that meet their needs, potentially leveraging CERF funds for much larger investments beyond the

lifetime of the program. This means more investment in California's disinvested communities.

- b. *Alleviate timeline constraints:* The expenditure deadline for CERF funds mandated in legislation is December 2026. The Planning Phase ends in September 2024, leaving only two years for projects developed during the Planning Phase to be fully implemented. By investing in regions to develop projects separately from the Implementation Phase, Catalyst investments will ensure timely expenditure of CERF funds.
- c. *Fund Planning Phase projects:* The short timeline makes it unlikely that any region would be able to develop a new project during the Planning Phase, fund it through Implementation, and ensure funds were fully expensed by the legislative deadline. This pressure may incentivize regions to lean on already-developed projects for Implementation funds. The Catalyst Program allows regions to spend CERF funds on projects developed by the CERF HRTCs, which have a unique and grounded knowledge of the region's needs. Catalyst funds will help regions develop more robust and validated projects in line with their Regional Plans.

3. Which entities will be eligible to apply for Catalyst Program funds?

Existing regional Fiscal Agents, in partnership with each region's contracted Regional Convener(s), on behalf of the HRTC, will be eligible to apply for Catalyst Program funds. Fiscal Agents will manage any Catalyst subawards in each region and selected by the HRTC.

4. Will all regions receive \$26.5 million?

Under the current proposal out for public comment, all regions would be eligible to receive up to \$26.5 million through a competitive application process. Regions that do not request the full \$26.5 million will only be eligible to receive up to the amount requested. Unencumbered Catalyst Program funds will be transferred to the Implementation pot for competitive allocation when the Implementation Phase SFP is available.

5. How will regions apply for these funds?

Fiscal Agents, in partnership with Regional Conveners and on behalf of the HRTC, will submit application materials in response to a solicitation from the Employment Development Department (EDD). Applicants will be required to explain how they will spend the funding requested, including developing a proposed budget and workplan. The application process will have flexibility to account for the fact that regions have not yet developed their investment strategies, target industries, or other components of the Regional Plans.

6. How will the existing HRTCs remain involved?

Through the Catalyst Program, each region would receive \$1.5 million to continue the work of the HRTC through September 2026. The HRTCs would develop and steer the Industry

Collaboratives and continue working to nominate projects for CERF Implementation Phase funds. The HRTC would also be responsible for approving decisions made by the Industry Collaboratives via the governance structures and decision-making processes developed during the Planning Phase.

7. How will the Planning Phase work inform the Catalyst Program?

The Planning Phase will culminate in a group of regional partners with shared goals (the HRTC) and a strategic Regional Plan that identifies priority industries and investments for the region. These partners would use industries and investments identified during the Planning Phase to develop up to three Industry Collaboratives, which would operate within the existing HRTC governance structure and will steer investments towards priority industries or sectors identified in the Regional Plan. Expenditures under the Catalyst Program must align with the strategies and priorities identified by the HRTC in the Planning Phase. The Catalyst Program will ensure that prioritized industries from the Regional Plan receive the funding needed to grow the ecosystem and develop high road jobs.

8. How will the Catalyst Program inform CERF Implementation Phase funding decisions?

Using Catalyst Program funds, regions should be able to develop more projects that align with their Regional Plans. Projects that emerge from the Catalyst Program as 'ready-to-go' will be competitive for CERF Implementation funds.

9. What is a 'ready-to-go' project? What is a 'last-mile' project?

A 'ready-to-go' project is a fully-formed project that has completed all necessary and possible steps to be ready for implementation. A project that is 'ready-to-go' will vary greatly by project type and location. A 'last-mile' project is a project needing to clear a minimal amount of additional hurdles before it would be considered 'ready-to-go.' The Interagency Team will provide project readiness criteria at a later date.

10. What is the timeline for the Catalyst Program?

The EDD will open a solicitation for Catalyst Program funds, estimated September 1, 2023. The solicitation will close in November, and applications will be scored in December. Awardees will be notified in December, and the contracting process will begin. Contracting takes six months. Contracts will be executed and funds will be released to regions estimated on May 1, 2024.

By June 30, 2024, regions will have identified strategic investments and priority industries or sectors as part of their Regional Plans. The HRTC will designate three of these industries or sectors as Industry Collaboratives, which will invest in new and existing projects to move them towards readiness.

Implementation Phase funds will be released after July 1, 2024, through a solicitation adapted from the Economic Development Pilot program. Projects approved by the HRTC and identified as 'ready-to-go' during the Planning Phase will be eligible for Implementation Phase funds.

Projects identified as ‘last-mile’ during the Planning Phase may receive Catalyst funds and, after completing any remaining steps towards readiness, will be eligible for Implementation funds if prioritized by the HRTC.

11. Is it possible for Catalyst projects to become eligible for Implementation Phase funds?

At the end of the Planning Phase, HRTCs will identify projects that are ‘exploratory,’ ‘last-mile,’ or ‘ready-to-go.’ Exploratory and last-mile projects will be eligible to receive funds under the Catalyst Program, while ready-to-go projects may apply directly for Implementation Funds. If a last-mile project becomes ‘ready-to-go’ as a result of receiving Catalyst or other funds, that project would also be eligible for Implementation funds. All Implementation projects will need to meet CERF criteria and be approved by the HRTC.

12. Will Advance Pay be offered under this funding stream?

Applicants will be able to apply for up to 25% of funds available through Advance Pay.

13. Will California Native American tribes be eligible to apply for Catalyst funds?

Catalyst Funds will be available to California Native American tribes through their participation in a regional HRTC. Tribes will also be able to apply for funding through the Tribal Funding Opportunity. This fund will provide maximum flexibility to meet diverse economic development needs of tribes.

14. How does the Catalyst Program prioritize equity?

The CERF Planning Phase SFP defines equity as the following (in Appendix B):

‘Prioritizing equity requires identifying how the benefits and burdens of economic development, regional planning, and other relevant processes are distributed in and across communities. Equity includes “leveling the playing field” by identifying and remediating systemic barriers facing specific groups. It requires identifying present-day disparities and confronting the planning, development, and decision-making processes that keep existing barriers in place and perpetuate historical injustices. For CERF, equity means that CERF Regions share the benefits and burdens of the CERF Phase 1 process across all affected communities, both urban and rural, with targeted efforts to reach historically excluded populations and members of disinvested communities.’

Equity has multiple implications depending on the lens and context. Some considerations for equity in the CERF Catalyst Program include:

- a. Equity in process: The Catalyst Program carries forward leadership from the HRTC, collaborative governance structures, and representation from the 13 defined stakeholders groups.
- b. Equity in outcomes: The Catalyst Program earmarks predevelopment funds for disinvested communities, which will create a pipeline of projects in these communities

in the coming years. This will ensure more federal, state, and private dollars flow to these communities than what could be funded through CERF alone.

- c. Geographic equity: All regions are eligible to receive an equivalent amount of money. This is because some regions of our state, although they may have smaller populations, have not historically received equitable investment for economic development or community resilience.

15. What types of projects can be funded under the Catalyst Program?

Catalyst Program funds can be used to support development of both construction and non-construction projects. Each region's HRTC will ultimately be responsible for deciding how to allocate funding.

16. Why is the State making the same size investment in every region?

Just like the Planning Phase, the State is proposing the same sized investment in each region because many lower-resourced regions have traditionally lacked investments needed to make projects a reality. It is the intention of the State to work in partnership with all of the regions, and the program evaluator to continually assess how these investments can best support each region.

17. How did the State choose these buckets of funding?

Preparing a region, city, or community to receive investment requires developing the capacities that give applicants access to the widest possible swath of funding. Many federal programs, for example through the US [Economic Development Administration](#), the US [Department of Agriculture](#), and US [Housing and Urban Development](#), among others, offer grants for communities to establish or maintain revolving loan funds, for instance. To maximize funding and draw additional resources to California, the State is recommending specific buckets of investment to ensure communities have access to as many additional funding streams as possible. However, if a region already has successfully implemented an activity that fulfills one of the Catalyst Program buckets, the region may be eligible to reallocate funds from that bucket towards project development.

18. Why should HRTC partners continue to contribute their time and resources to the CERF process?

The vision of CERF extends beyond its 2026 expenditure deadline. Through CERF, regions across California are coming together through a democratic, inclusive process to shape the future of their regional economies. The plans that emerge from CERF will help direct federal, state, and private economic and community development investments for the next decade. While CERF is a large downpayment on California's economic future, a major opportunity of the program is to attract billions of additional dollars to communities across California—funds which many

communities are not able to access now due to historic disinvestment, capacity constraints, and a lack of eligible projects.

HRTCs are *the* critical decision-making bodies for CERF in each region and are responsible for allocating funds through the Catalyst program. The projects developed through Catalyst will extend beyond the lifetime of CERF, which means that projects developed through a process that aims to center workers and disinvested communities will continue to shape federal, state, and private investment beyond 2026.

19. What equity provisions are attached to the categories?

All Catalyst projects will need to adhere to Justice40 guidelines and align with the core CERF priorities of equity, sustainability, job quality and access, economic competitiveness, and economic resilience. The Interagency Leadership Team may establish CERF specific guidelines or may adopt other federal/state implementation guidelines for Justice40.

20. Multi-region industries: What if there are industry clusters that include two separate regions? Will the state publish guidelines to support this?

The State will work with grantees as needed to ensure flexibility and guidance are provided to meet the needs of the on-the-ground realities, such as industries existing across various regional boundaries. This may include facilitating collaboration and/or funding partnerships across regions.

21. Who will be responsible for compliance/project management within each region? Who does the state expect will have the expertise?

The Fiscal Agent will be responsible for the project management and compliance of all projects or subcontracts funded through the Catalyst program. Administrative funds can be utilized to hire project manager(s) based on the needs of the Fiscal Agent.

22. What is the role of the Regional Conveners and Fiscal Agents in this program? Who is responsible for leading efforts related to the Catalyst activities?

The HRTC will be responsible for decisions related to Catalyst activities. Regional Conveners and Fiscal agents will be expected to continue convening and administering the HRTC in accordance with the governance structures and processes already established in each HRTC. The Fiscal Agents will be the lead applicants for Catalyst funds in each region.

23. How flexible is each funding bucket? Can regions decide their own funding allocations?

As proposed, if a HRTC identifies that the region already has undertaken one of the activities identified above, it may include in its application clear proof that the activity has been successfully implemented in the region and that its outcomes align with CERF priorities. The applicant may request to reallocate those funds to the “pre-development” bucket. The Inter-Agency team will consider additional flexibility at the conclusion of the public comment period.

24. How will the Industry Collaboratives be structured?

The Industry Collaboratives will work within each HRTC's existing governance structure and decision-making process and must include representation from at least the 12 identified stakeholder groups in the Planning Phase SFP. They can be managed by the Convener(s) or other identified organization(s).

25. Will workforce standards be attached to Catalyst projects like they are for Implementation dollars?

Projects funded under the Catalyst program should support labor standards where applicable, such as prevailing wage, project labor agreements, or community workforce agreements.

26. Who will be responsible for identifying industries?

Priority industries will be identified through each region's Planning Phase, and priority regions will be submitted to the State in Part 2 of the Regional Plans. The HRTC will be responsible for narrowing priority industries to identify up to three Industry Collaboratives.

27. Does the Community Asset Survey have to identify only land?

As currently proposed, the Community Asset Survey may identify parcels of land or existing infrastructure that could serve the region's economic or community development goals.