

2020 Proposition 39 Citizens Oversight Board Findings and Recommendations

Findings

The Citizens Oversight Board continues to be impressed with the outcomes from the California Clean Energy Jobs Act programs. This year significantly more projects were completed and project benefits continue to accrue statewide. We are especially impressed by the geographic diversity of these projects throughout the state, as well as the high participation rates among disadvantaged and small, rural schools.

We also remain impressed with the job training aspects of this program across the California Conservation Corps, Community Colleges, and Workforce Development Board. The pre-apprenticeship program run through the California Workforce Development Board (CWDB) is especially impressive, and, in fact, has become a model for other states looking to provide targeted, effective job and workforce training. This program has advanced equity by providing energy-efficiency focused workforce-training and coordinating a range of supportive services to prepare at-risk youth, women, veterans, ex-offenders, and other disadvantaged job seekers to apply for, enter, and successfully complete a state-registered building trade apprenticeship program. This puts them in a position to gain high-quality, career-track jobs in the building trades. The Citizens Oversight Board appreciates that this successful workforce development program developed under Proposition 39 is expanding statewide through the CWDB's High Road Construction Careers Initiative, to support the continued development of a skilled and diverse workforce in California.

As with past reports, the Board remains encouraged by the performance of the ECAA-Ed loan and Bright Schools technical assistance programs. We have previously recommended that the Legislature continue funding the ECAA-Ed program, and are pleased to note the Legislature's reallocation of remaining Proposition 39 K-12 funds through SB 110 to support the ECAA-Ed Competitive Loan Program. We believe the ECAA-Ed Competitive Loan Program will result in significant energy savings and reductions in greenhouse gas emissions going forward.

The Board is also encouraged by the significant progress realized to date through the School Bus Replacement Program, created through SB 110 and supported by the reallocation of \$75 million in remaining Proposition 39 K-12 funds. The program received over 200 applications requesting replacement of more than 1,549 diesel school buses with battery-electric school buses throughout California. While the program was able to fund 231 new buses, it lacked additional funding to support many other well-qualified applicants.

There is no doubt that the California Clean Energy Jobs Act continues to create real value for the state of California, and contributes to meeting the state's larger education, energy, climate, and economic development goals. We strongly believe the Legislature should continue to fund this program going forward through annual appropriations, now that direct funding from tax revenues generated by Proposition 39 has ended.

Recommendations

- 1. Provide annual appropriations to the Clean Energy Jobs Fund, to allow for continued energy savings, emission reductions, and jobs at California's public schools.** As noted in Tables 1-2 and 1-3 of this report, the energy savings and emissions reductions associated with Proposition 39 investments are substantial and continue to accrue as projects are completed. As noted in Table 3-5, the program has also resulted in significant economic and employment impacts throughout the state, including over \$3.3 billion in economic activity and an estimated 19,812 direct, indirect, and induced jobs, many of which are local in nature. We believe the Proposition 39 program has demonstrated success and should be funded through annual appropriations to allow progress to continue now that the initial five-year term has concluded. In particular, we recommend that the Legislature appropriate a minimum of \$175 million per year.

Potential energy savings: Applying the original funding allocation formula from Senate Bill 73, 89% of these funds, approximately \$156 million, would be allocated to LEAs and potentially result in about 156 projects each year with energy savings of over 61,670,000 kWh and 169,142 gas therms, with corresponding GHG emissions reductions of over 21,000 tons. Eleven percent of these funds, approximately \$19 million, would be allocated to Community Colleges and potentially result in about 109 projects each year with energy savings of nearly 12,000,000 kWh and 198,000 gas therms.¹

- 2. Absent annual appropriations to the Clean Energy Jobs Fund, provide direct appropriations to the Energy Commission for the development of a Proposition 39 K-12 Competitive Grant Program to support continued energy savings, emission reductions, and job creation at California's public schools.** SB 110 (Committee on Budget and Fiscal Review, Chapter 55, Statutes of 2017) established three new programs: The School Bus Replacement Program, the Energy Conservation Assistance Act – Education (ECAA-Ed) Competitive Loan Program, and the Proposition 39 K-12 Competitive Grant Program. After June 30, 2018, \$75 million of remaining Proposition 39 K-12 funds were reallocated to support the School Bus Replacement Program, and \$38.5 million of remaining funds were reallocated to support the ECAA-Ed

¹ These estimates are based on a linear extrapolation of cumulative spending and energy savings values from Tables 1-2 and 1-3 of this report.

Competitive Loan Program. Unfortunately, no funds remained to support a K-12 Competitive Grant Program. We believe the energy savings, emissions reductions, and job creation associated with Proposition 39 investments are substantial and continue to accrue as projects are completed. Given the success of the Proposition 39 K-12 program to date, we recommend the Legislature provide a one-time appropriation of \$125 million to support a K-12 Competitive Grant Program.

3. **Absent annual appropriations to the Clean Energy Jobs Fund, provide direct appropriations to the California Community Colleges Chancellor's Office to support continued energy savings, emission reductions, and job creation at California's Community Colleges.** We believe the energy savings, emissions reductions, and job creation associated with Proposition 39 investments at the community colleges are substantial and continue to accrue as projects are completed. Given the success of the Proposition 39 program to date, we recommend the Legislature provide a one-time appropriation of \$50 million to support continued progress at Community Colleges.
4. **Provide direct appropriations to the Energy Commission to support the School Bus Replacement Program.** We believe the emissions reductions and associated health benefits associated with the School Bus Replacement Program investments are significant and will replace some of the oldest and dirtiest buses in California. Because the zero-emission buses can charge during off-peak hours, and store energy for later use, they can also reduce demand on the grid during peak hours. We recommend the Legislature provide a one-time appropriation of \$75 million to continue replacing diesel buses throughout California.
5. **Provide direct baseline appropriations to the Citizens Oversight Board to support the continuation of Board operations, independent audits of the Clean Energy Jobs Fund and selected projects, and annual evaluations to the Legislature.** The Citizens Oversight Board is an independent entity based within the Energy Commission, consisting of three appointees each from the Treasurer, Controller, and Attorney General. The Board reviews annual audits of the Clean Energy Jobs Fund and selected projects each year, publishes an accounting each year, and submits annual evaluations of the program to the Legislature. Previously, funding for the Board's two positions and \$300,000 per year for independent audit activities were funded through the Energy Resources Program Account (ERPA), but that fund is experiencing a structural deficit and is phasing out support of the Board. If the Legislature believes continued oversight is warranted, a direct appropriation to the Board from an alternate funding source will be necessary.