

California's Citizens Oversight Board
3rd ANNUAL REPORT

PROPOSITION 39 CLEAN ENERGY JOBS ACT REPORT TO THE LEGISLATURE



Edmund G. Brown Jr., Governor

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EXECUTIVE SUMMARY

California voters passed the California Clean Energy Jobs Act (Proposition 39) in November 2012 to create jobs, save energy, reduce energy costs and greenhouse gas emissions, and provide job training and workforce development in related fields. By focusing on public schools, community colleges, and other school facilities, the Act has created energy and cost savings, and has improved the classroom-learning environment for students and educators across California—all while advancing California’s broader climate and energy goals.

The California Clean Energy Jobs Act is implemented through programs at several different agencies, including the California Energy Commission, the California Community Colleges Chancellor’s Office, the California Workforce Development Board, and the California Conservation Corps. These programs include:

- Direct grants for energy audits, retrofits, and clean energy project development for K-12 schools and community colleges;
- Loans and technical assistance to support these projects; and
- Job training and workforce development programs intended to grow and maintain the state’s pool of qualified clean energy workers.

The Citizens Oversight Board is pleased to present this report to the California Legislature, which details the progress made in the fourth year of the California Clean Energy Jobs Act. This report and appendices, featuring reports from the participating agencies, focuses on program activities in the most recent program year for which we have data: June 30, 2016 through June 30, 2017. In this report, we detail the continuing and measureable energy and cost savings results achieved by the various California Clean Energy Jobs Act interconnected programs. We are pleased to document the increased volume of projects both completed and in-progress since last year, as well as the geographic diversity of these projects and the increased participation from disadvantaged schools.

As we look back at the last three years of progress, we can say with confidence that the California Clean Energy Jobs Act has been a success. The original Proposition 39 program was designed to last for just five years. Looking ahead, the program faces some important changes, as outlined in Senate Bill 110 (Committee on Budget and Fiscal Review, Chapter 55, Statutes of 2017), which extends and significantly modifies the California Clean Energy Jobs Act programs going forward. Our report touches briefly on those important program changes ahead.

Recommendations

As we have done in our past two reports, we conclude this report with the overarching recommendations from the Citizens Oversight Board, which is the only body responsible

to look across all the separate agencies and projects, and to evaluate progress and roadblocks in the program as a whole.

In brief, we believe the program has been a success across multiple categories: energy savings, job creation, job training, and improvements to classroom environments. We recommend the Legislature continue to appropriate funding to energy efficiency and clean energy projects in K-12 schools and community colleges as outlined in SB 110. We also strongly recommend the Legislature allocate additional funding for two key elements of this program not included in SB 110: the pre-apprenticeship program run through the Workforce Development Board, which has shown clear and measurable job training and placement results for hard-to-train populations; and the Energy Conservation Assistance Act Education Subaccount (ECCA-Ed) low-interest loan program of the California Energy Commission, which is a fiscally responsible, long-term approach to funding critical energy efficiency projects in our K-12 schools going forward.

In addition, we once again recommend, as we have in our last two reports, that the state conduct a comprehensive survey of its K-12 school facilities to better identify sites that would most benefit from energy efficiency retrofits or on-site generation. Data collected during the past few years from the CEC and the CCC could and should be leveraged for such a survey.

Our recommendations are included in detail at the end of this report.

CHAPTER 1: The California Clean Energy Jobs Act and its Enduring Impact

The Citizens Oversight Board is pleased to present its third annual report to the California Legislature on the California Clean Energy Jobs Act (CCEJA), an important component of the state's broader energy, climate, workforce, and education goals. The CCEJA was established through legislation after voters approved the Proposition 39 initiative in the November 6, 2012 statewide general election.¹ The statute changed the corporate income tax code for multistate businesses and established a path to support clean energy job creation and important energy efficiency and clean energy improvements at California's public schools, community colleges, and other public facilities. The program was funded for five years with revenues from the tax code change, beginning in fiscal year 2013-14 and ending in fiscal year 2017-18.

In this report to the Legislature, which covers the period from June 30, 2016 until June 30, 2017, the Citizens Oversight Board considers the objectives of energy efficiency and clean energy jobs when determining our recommendations and conclusions regarding the CCEJA.

This report and all appendices are also available publicly on the Energy Commission's Citizens Oversight Board website at:

http://www.energy.ca.gov/efficiency/proposition39/citizens_oversight_board/

Objectives of the California Clean Energy Jobs Act

The main objectives of the CCEJA are laid out in the California Public Resources Code,² which states that the program is intended to:

- a) Create good-paying energy efficiency and clean energy jobs in California.
- b) Put Californians to work repairing and updating schools and public buildings to improve their energy efficiency and make other clean energy improvements that create jobs and save energy and money.
- c) Promote the creation of new private sector jobs improving the energy efficiency of commercial and residential buildings.
- d) Achieve the maximum amount of job creation and energy benefits with available funds.

¹ California Secretary of State. Statement of Vote: November 6, 2012 General Election. 2012

² California Public Resources Code § 26201

- e) Supplement, complement, and leverage existing energy efficiency and clean energy programs to create increased economic and energy benefits for California in coordination with the California Energy Commission and the California Public Utilities Commission.
- f) Provide a full public accounting of all money spent and jobs and benefits achieved so the programs and projects funded pursuant to this division can be reviewed and evaluated.

The following legislative actions defined the structure and organization of the CCEJA and established the Citizens Oversight Board. The California Energy Commission (Energy Commission)³ and the California Community Colleges Chancellor's Office⁴ also adopted regulatory guidelines to help meet program objectives:

- Senate Bill 73 (Committee on Budget and Fiscal Review, Chapter 29, Statutes of 2013): Enabling Legislation for Proposition 39 and creation of the Citizens Oversight Board
- Assembly Bill 2227 (Quirk, Chapter 683, Statutes of 2014): Subsequent legislation on CCEJA Citizen Oversight Board implementation

The most recent legislation affecting these programs, Senate Bill 110 (Committee on Budget and Fiscal Review, Chapter 55, Statutes of 2017), extended the overall CCEJA program beyond 2018. SB 110 is discussed in more detail below.

Overview of Current CCEJA Programs, Funding, and Timelines

Each year, the Energy Commission, the California Community Colleges Chancellor's Office, the California Workforce Investment Board, and the California Conservation Corps develop annual reports on their progress implementing CCEJA programs. These reports are submitted to the Citizens Oversight Board for review and approval at the first Citizens Oversight Board meeting each year. The Citizens Oversight Board then evaluates and summarizes that information for inclusion into an annual report to the Legislature, along with findings and recommendations. The agency reports are included as appendices to the Citizens Oversight Board report.

³ Bucaneg, Haile, Pierre duVair, Cheng Moua, Justin Regnier, Keith Roberts, Elizabeth Shirakh, Joseph Wang. 2013. *Proposition 39: California Clean Energy Jobs Act- 2013 Program Implementation Guidelines*. California Energy Commission. CEC-400-2014-022-CMF.

⁴ California Community Colleges Chancellor's Office. Revised 2014. *California Community Colleges Proposition 39 Implementation Guidelines*. 2014

The CCEJA programs fall into three categories:

- **Direct grants** for energy audits, retrofits, and clean energy project development (administered by the Energy Commission for K-12 schools and the California Community Colleges Chancellor's Office for community colleges);
- **Loans and technical assistance** to support these projects (administered through existing loan programs of the Energy Commission); and
- **Job training and workforce development programs** intended to grow and maintain the state's pool of qualified clean energy workers (administered through the California Community Colleges Chancellor's Office, the California Workforce Development Board, and the California Conservation Corps).

The CCEJA is funded via the Clean Energy Job Creation Fund, with sits in the State Treasury. The fund is capitalized each year from corporate tax receipts generated by the tax loophole closed by 2012's Proposition 39. Senate Bill 73 (Committee on Budget and Fiscal Review, Chapter 29, Statutes of 2013) is the implementing legislation for Proposition 39.

Table 1-1 provides an overview of the current CCEJA programs by agency and funding levels since program inception. Because the Clean Energy Job Creation Fund is dependent on actual tax receipts, the amount placed into the fund each year varies.

Table 1-1: Current Clean Energy Job Creation Fund Distribution

Program	State Agency	Category	Budget (in millions)
Energy Project Grants and Loans			
Local Educational Agency K-12 Proposition 39 Award Program	California Energy Commission / California Department of Education	Energy Efficiency and clean energy projects	2013/14 - \$381 2014/15 - \$279 2015/16 - \$313.4 2016/17 - \$398.8 2017/18 - \$376.2
Community College Proposition 39 Energy Program	California Community Colleges Chancellor's Office	Energy Efficiency and clean energy projects	2013/14 - *\$47 2014/15 - *\$39 2015/16 - *\$38.7 2016/17 - *\$49.3 2017/18 - \$46.5
Energy Conservation Assistance Act Education Subaccount (ECCA-Ed)	California Energy Commission	Leverage: K-12 school support-0% and 1% loans	2013/14 - **\$28 2014/15 - **\$28 2015/16 - \$0 2016/17 - \$0 2017/18 - \$0
Bright Schools Program	California Energy Commission	Leverage: K-12 school and college technical assistance	**Receives 10% of ECCA-Ed
Workforce Training Grants			
Proposition 39 Pre-Apprenticeship support, training and placement grants	California Workforce Development Board	Job training/workforce development	2013/14 - ***\$3 2014/15 - ***\$3 2015/16 - ***\$3 2016/17 - ***\$3 2017/18 - ***\$3
Energy Corps Apprenticeship Program	California Conservation Corps	Job training/workforce development	2013/14 - \$5 2014/15 - \$5 2015/16 - \$5.4 2016/17 - \$5.5 2017/18 - \$5.7
Community College Workforce and Economic Development Division Programs	California Community Colleges Chancellor's Office (CCCCO)	Job training/workforce development	*Receives 12.8% of CCCCCO Proposition 39 Energy Program funds
Job Data Collection and Analysis			
Proposition 39 Jobs Reporting	California Workforce Development Board	Jobs Data Collection and Analysis	***Unfunded mandate, uses funding from Prop 39 Pre-Apprenticeship support, training and placement grants
Citizens Oversight Board Staff and Audit Functions			
Citizens Oversight Board		Staff and audit functions	Not funded through Prop 39

As noted above, the Community College job training and workforce development programs are not directly funded, but rather are funded by a percentage of the overall funding provided to the Chancellor’s Office. Additionally, the collection and analysis of jobs data by the California Workforce Development Board represents an unfunded mandate; these efforts are funded by diverting funds from Pre-Apprenticeship training and placement grants. Finally, staff support for the Citizens Oversight Board and funding to perform CCEJA program audits are not funded by Proposition 39; these are funded through the Energy Commission’s budget.

The following tables provide a three-year overview of results at K-12 schools and community colleges, as well as key jobs and important economic and fiscal information related to the CCEJA programs.

Table 1-2 shows that although the K-12 Proposition 39 Award Program was slow to ramp up, it has grown in size and impact each year. Between December 2015 and June 2016, the number of completed EEPs increased by 35, representing an increase of 206%. Between June 2016 and June 2017, the number of completed EEPs increased by another 122, representing an increase of 235% for that 12-month period. Cumulatively, between December 2015 and June 2017, the total number of completed EEPs increased by over 920%.

Table 1-2: Cumulative Summary of K-12 Final Project Completion Reports

	Program totals as of Dec. 2015	Program totals as of June 2016	Program totals as of June 2017
Number of Completed EEPs	17	52	174
<i>Spending</i>			
Total Gross Project Cost	\$8.6 million	\$34 million	\$116 million
Total Prop 39 Share	\$6.2 million	\$27 million	\$97 million
Leveraged Funding	\$2.4 million	\$7 million	\$19 million
<i>Annual Energy Savings</i>			
kWh Savings	3,005,227	13,804,252	42,820,936
Therm Savings	3,352	54,641	146,126
GHG emissions reduction	1,056 tons	5,080 tons	15,624 tons
Savings-to-investment ratio (SIR)	1.26	1.44	1.36

Source: California Energy Commission

The energy savings associated with these EEPs also increased dramatically, from 3,005,227 kWh saved in December 2015 to 13,804,252 kWh saved in June 2016, representing an increase of over 350%. Between June 2016 and June 2017, the total kWh savings increased by another 210% for that 12-month period, to 42,820,936 kWh saved. Cumulatively, between December 2015 and June 2017, the total number of kWh savings increased by over 1,320%.

Finally, as shown in Table 1-2, these EEPs created considerable GHG savings. Between December 2015 and June 2016, GHG savings increased from 1,056 tons to 5,080 tons, representing an increase in GHG savings of over 380%. Between June 2016 and June 2017, GHG savings increased from 5,080 tons to 15,624 tons, representing an increase in GHG savings of over 208% for that 12-month period. Cumulatively, between December 2015 and June 2017, the total amount of GHG savings increased by over 1,370%.

Table 1-3 also shows that while projects at the Community Colleges were also slow to start, they continued to develop over time and program benefits also significantly increased. Between December 2015 and June 2016, the number of completed projects increased from 102 to 254, with the additional 152 representing an increase of almost 150%. Between June 2016 and June 2017, the number of completed projects increased from 254 to 377; the additional 123 projects represent an increase of an additional 48%. Cumulatively, between December 2015 and June 2017, the total number of completed projects at the Community Colleges increased by almost 270%.

Table 1-3: Cumulative Summary of Community College Final Project Reports

	Program totals as of 2015	Program totals as of 2016	Program totals as of 2017
Number of closed-out projects	102	254	377
<i>Spending</i>			
Total Gross Project Cost	\$24.3 million	\$54.9 million	\$72.4 million
Total Prop 39 Share	\$ 16.6 million	\$ 35.2 million	\$48.1 million
Total Leveraged Funding with incentives	\$ 3.2 million	\$ 6 million	\$7.45 million
<i>Annual Energy Savings</i>			
kWh Savings	13,653,884	29,903,272	38,706,915
Therm Savings	175,042	316,566	567,658

Source: California Community Colleges Chancellor's Office

The energy savings associated with completed projects in the community college system also increased dramatically, from 13,653,884 kWh saved in December 2015 to

29,903,272 kWh saved in June 2016, representing an increase of approximately 119%. Between June 2016 and June 2017, the total kWh savings increased by another 29%, to 38,706,915 kWh saved. Cumulatively, between December 2015 and June 2017, the total number of kWh savings increased by over 183%.

Program Changes for 2018 and Beyond

The CCEJA passed initially as a five-year program, beginning in fiscal year 2013-2014 and ending in fiscal year 2017-2018. As demonstrated by the timeline for the Proposition 39 K-12 programs in Figure 1-1, all projects must be completed by June 2020, with final project reports, including energy savings data, submitted by 2021. The Citizens Oversight Board was originally scheduled to complete its final reporting on all projects by 2022.

Last year, several LEAs expressed concern with the program schedule, noting that it effectively limited the availability of program funds to four years. In response to these concerns, the Legislature approved Senate Bill 110 (SB 110) (Committee on Budget and Fiscal Review, Chapter 55, Statutes of 2017). This bill provides direction for the funds remaining after the current program expires in 2017-2018. It also renews the program, but with significant changes, including removing the direct allocation of funds collected from the Proposition 39 tax change, so that in the future the program will only be funded via appropriations. If funding is appropriated, the new program creates a competitive grant program, prioritizing funding for disadvantaged LEAs across a wide geographic area, and targeting funds to workforce development areas.

Based on SB 110, after June 30, 2018, any remaining Proposition 39 K-12 funds from the original five-year program will be apportioned in the following manner:

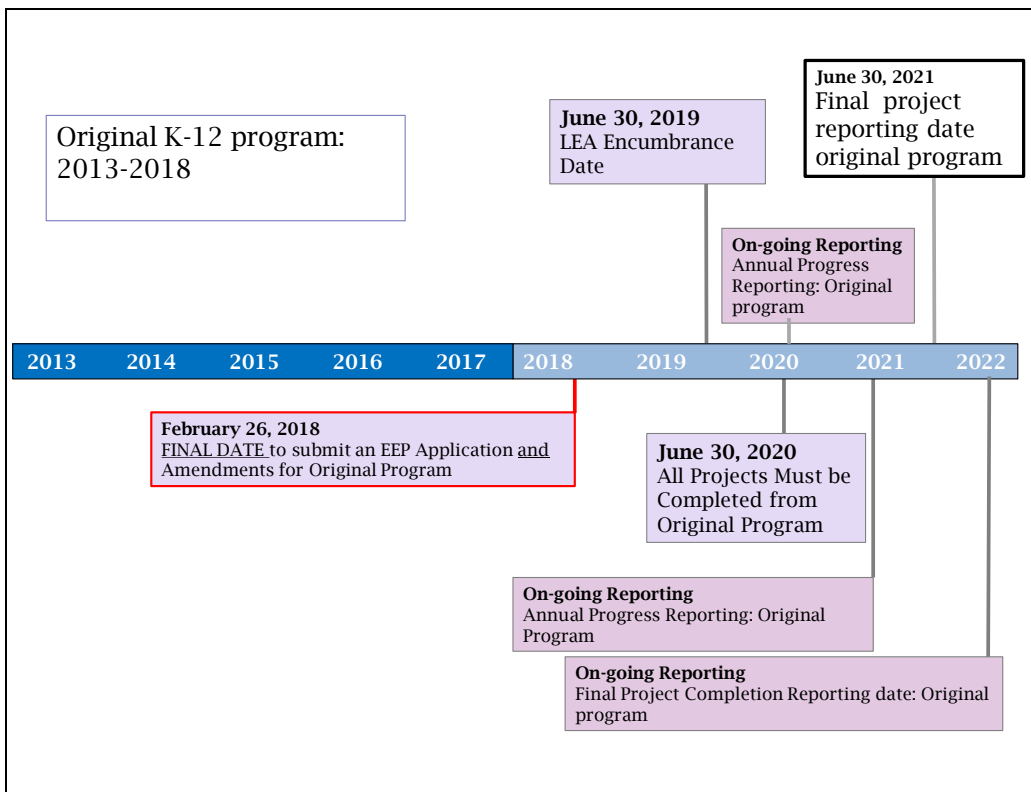
- \$75 million of the remaining funds will be allocated for school bus replacements, with priority given to older buses and buses operating in disadvantaged communities, and to school districts with a majority of students eligible for free or reduced-price meals in the prior year.
- If there are any funds remaining after the \$75 million allocation, up to \$100 million will be deposited in the ECAA-Ed account for loans to LEAs on a competitive basis, with priority given to LEAs with a higher percentage of students eligible for free or reduced-price meals.
- If any funds remain after the above two distributions, these will be distributed to LEAs through a competitive grant process based on size. However, based on current information, we expect no funding to remain after the school bus and ECAA distributions.

As noted above, **SB 110 contains no additional appropriations** for the CCEJA, which is a major change from the prior program, in which funds were automatically directed to the CCEJA each year. However, SB 110 does enable the Legislature to appropriate additional funding to the Clean Energy Job Creation Fund through the annual budget process.

From July 1, 2018, through fiscal year 2022-23, any appropriated funding directed to the Clean Energy Job Creation Fund will be provided to recipients through a competitive grant process.

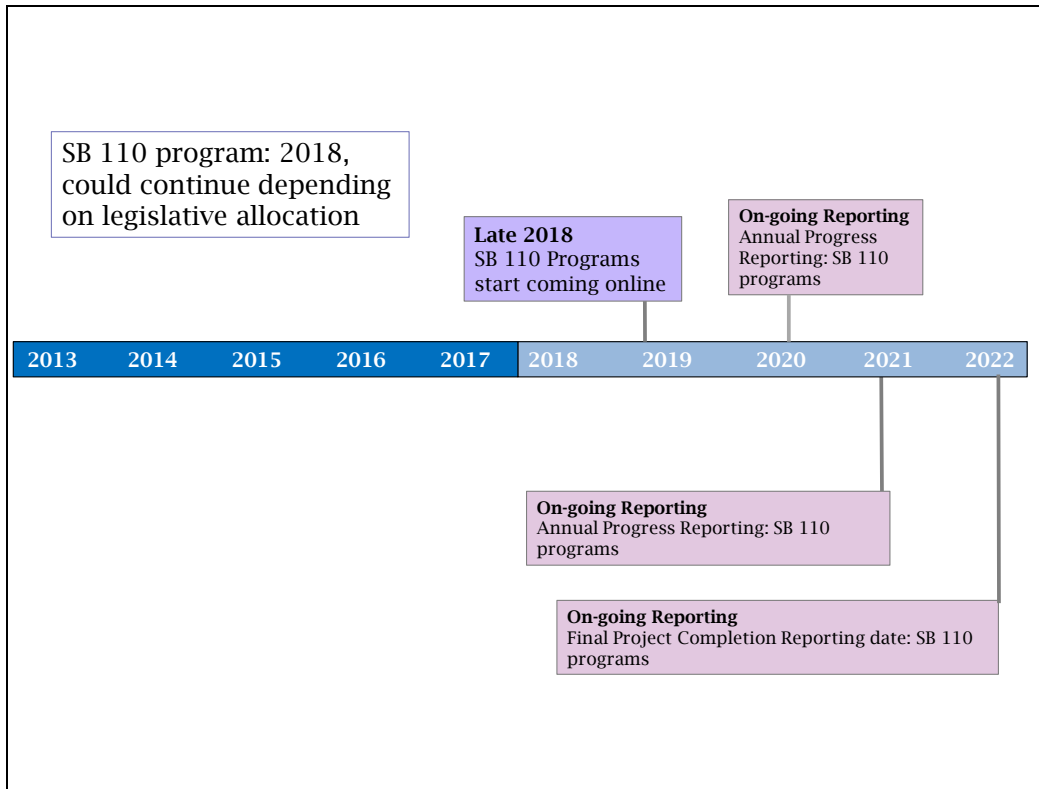
The Energy Commission held a series of informational workshop listening sessions in early 2018 to further refine these programs. Funding solicitations are expected to be released in the Fall of 2018, and awards issued in late 2018 or early 2019. The Citizens Oversight Board will continue to provide oversight reporting on these additional programs in the coming years. Figures 1-1 and 1-2 compare the previous CCEJA K-12 program and the new CCEJA programs under SB110.

Figure 1-1: Timeline of Current Proposition 39 K-12 Program



Source: California Energy Commission

Figure 1-2: Timeline of Proposition 39 SB 110 Programs



Source: Citizens Oversight Board

CHAPTER 2: Citizens Oversight Board Mandates, Meeting History, and Audit Progress

The Citizens Oversight Board is composed of nine members: three members appointed by each the Treasurer, the Controller, and the Attorney General. The California Public Utilities Commission and California Energy Commission (Energy Commission) also each designate an ex-officio (non-voting) member to serve on the board. Currently the board has seven members. New appointments to fill the vacant positions are expected soon from the State Attorney General's Office and the State Controller's Office.

Mandates of the Citizens Oversight Board

Assembly Bill 2227 (Quirk, Chapter 683, Statutes of 2014) defines the Board's main responsibilities and adds these to the Public Resources Code.⁵

Those duties include:

1. Annually review all expenditures from the Job Creation Fund
2. Commission and review an annual independent audit of the Job Creation Fund and of a selection of completed projects to assess the effectiveness of the expenditures in meeting the objectives of this division
3. Publish a complete accounting of all expenditures each year, posting the information on a publicly accessible Internet Website
4. Submit an evaluation of the program to the Legislature identifying any changes needed to meet the objectives of this division

The major responsibilities of the Citizens Oversight Board are to produce an annual program audit of the CCEJA and an annual independent financial audit of the Clean Energy Job Creation Fund, and to provide an annual report to the Legislature evaluating the overall program. This report represents the Board's annual report to the Legislature. Findings from both the program audit and the financial audit are discussed below.

Meeting History of the Citizens Oversight Board

Below is a brief description of Citizens Oversight Board meetings that took place in 2017 and early 2018.⁶

⁵ Public Resources Code Section 26210-26217

⁶ Full agendas, and minutes, and transcripts of the board meetings are available at: http://www.energy.ca.gov/efficiency/proposition39/citizens_oversight_board/meetings/

2017

- February 9th 2017: The Citizens Oversight Board met to review and accept the agency reports on the prior year's activities for the various programs of the Clean Energy Jobs Act. The Board also voted on accepting a Conflict of Interest Code to comply with the Political Reform Act.
- March 21st 2017: The Citizen Oversight Board met to approve the second final report to the Legislature. The Board was also given an update on the audit progress from the State Controller's Office.
- July 13th 2017: The Board met to approve the Financial and Program Audit report from the State Controller's Office.

2018

- February 23rd 2018: The Citizens Oversight Board met to review and accept the agency reports on the prior year's activities for the various programs of the Clean Energy Jobs Act. The Board also voted on the replacement of the Vice Chair and was given an update on how the new programs of SB 110 will affect the board.
- March 22nd 2018: The Citizens Oversight Board met to approve third final report to the Legislature.

A complete timeline of CCEJA key events is also contained in the Board's first and second Proposition 39 Clean Energy Jobs Act reports to the Legislature.⁷

The CCEJA Program Audit Report and the Financial Audit of the Clean Energy Job Creation Fund

In June 2016, the Citizens Oversight Board entered into an interagency agreement with the California State Controller's Office to provide an annual Financial Audit of the Clean Energy Job Creation Fund and an annual CCEJA Program Audit Report. The Financial Audit reviews the balance sheet and related statement of appropriations, expenditures, and changes in the fund balance to ensure that the financial statements of the Clean Energy Job Creation Fund conform to accounting principles generally accepted in the United States. The Program Audit reviews the oversight practices of both the Energy Commission and Community Colleges Chancellor's office and audits a selection of completed projects from both programs to determine whether they are consistent with the California Public Resources Code and program adopted program guidelines.

⁷ These two reports are available at:

http://www.energy.ca.gov/efficiency/proposition39/citizens_oversight_board/documents/2016_reports/Citizen_Oversight_Board_Energy_Jobs_Act_2016_Report.pdf and
http://www.energy.ca.gov/efficiency/proposition39/citizens_oversight_board/documents/2016-04-04_Citizen_Oversight_Board_California_Clean_Energy_Jobs_Act_2015_Report.pdf

The Financial Audit of the Clean Energy Job Creation Fund issued in May 2017 found that the financial statements of the Clean Energy Job Creation Fund were in accordance with accounting principles accepted by the Comptroller General of the United States.⁸

The Program Audit of the CCEJA issued in June 2017 randomly selected a sample of 16 Local Educational Agencies (LEAs) and four Community College Districts to determine if the sample projects were consistent with the California Public Resources Code and adopted program guidelines. While some project audit findings remain under review, the audit found that the Energy Commission's program guidelines and Energy Expenditure Plan Handbook, as well as the Community Colleges Chancellor's Office program guidelines complied with applicable provisions of the California Public Resources Code. Further, the audit found that both agencies had adequate controls in place to ensure the completeness and accuracy of reporting forms submitted by program recipients.⁹

⁸ The Financial Audit of the Clean Energy Job Creation Fund is available at:
http://energy.ca.gov/efficiency/proposition39/citizens_oversight_board/documents/2016_reports/financial_audit_may_2017.pdf

⁹ The Program Audit of the CCEJA is available at:
http://energy.ca.gov/efficiency/proposition39/citizens_oversight_board/documents/2016_reports/program_audit_june_2017.pdf

CHAPTER 3: Proposition 39 Clean Energy Jobs Act Programs

Energy Project Grant Programs

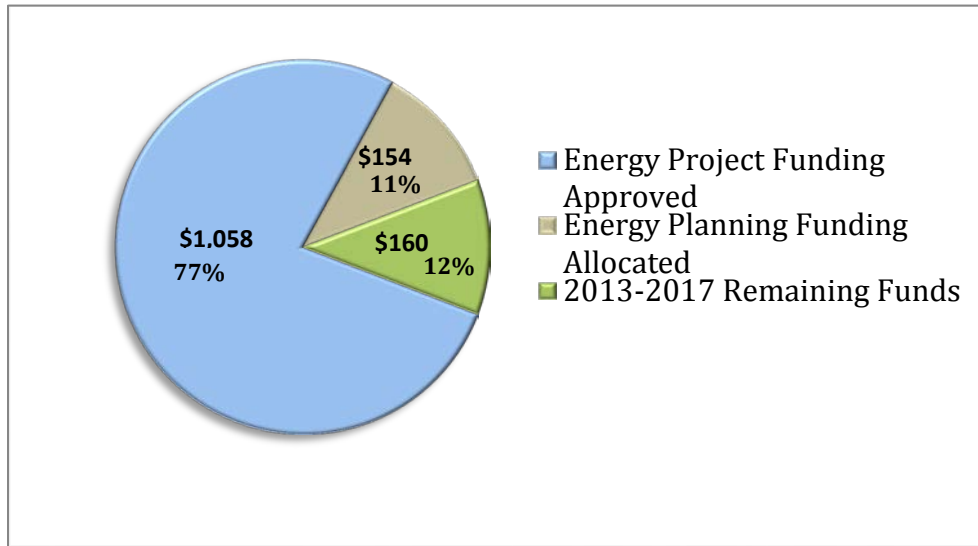
California Energy Commission's Local Educational Agency K-12 Award Program

The most recent report from the California Energy Commission, recipient of the largest share of CCEJA funding, summarizes results from the start of the Prop 39 K-12 Program in December of 2013 through June 30, 2017. The Energy Commission provides guidelines and administration for the entire K-12 program and is primarily responsible for receiving, reviewing and approving energy expenditure plan (EEPs) applications submitted by eligible Local Educational Agencies (LEAs). Upon plan approval, the Energy Commission notifies the California Department of Education, which then distributes funding on a quarterly basis.

As of June 30, 2017, there were 2,176 eligible K-12 LEAs in California--these include public school districts, charter schools, 3 state special schools (e.g. schools for the deaf and blind),¹⁰ and county offices of education. As of June 30, 2017 1,374 LEAs (or 63% of the total) participated in the program. Together, those 1,374 LEAs submitted 1,452 EEPs for energy efficiency and renewable energy projects at 5,238 school sites, for \$1.058 billion of program funding. An additional \$154 million supported project planning. Overall funding is shown in Figure 3-1.

¹⁰ California Department of Education: State Special Schools information available at: <https://www.cde.ca.gov/sp/ss/>

Figure 3-1: Proposition 39 K-12 Program Overall Funding Status as of June 30, 2017



Source: California Energy Commission

Public school districts have the highest program participation rate, with 88% submitting successful EEPs. Table 3-1 shows the participation rates of disadvantaged LEAs and the remaining LEAs. According to the Energy Commission, disadvantaged LEAs¹¹ are participating in the Proposition 39 K-12 Program at the same level as non-disadvantaged LEAs, which is a huge improvement over prior years. As shown in Table 3-1, of the 2,176 total LEAs in the state, 1,374 participated in the program. Of the 1,374 total participating LEAs, 872 were disadvantaged; 63% of both disadvantaged and remaining LEAs participated in the program.

Table 3-1: Disadvantaged LEA Participation as of June 30, 2017

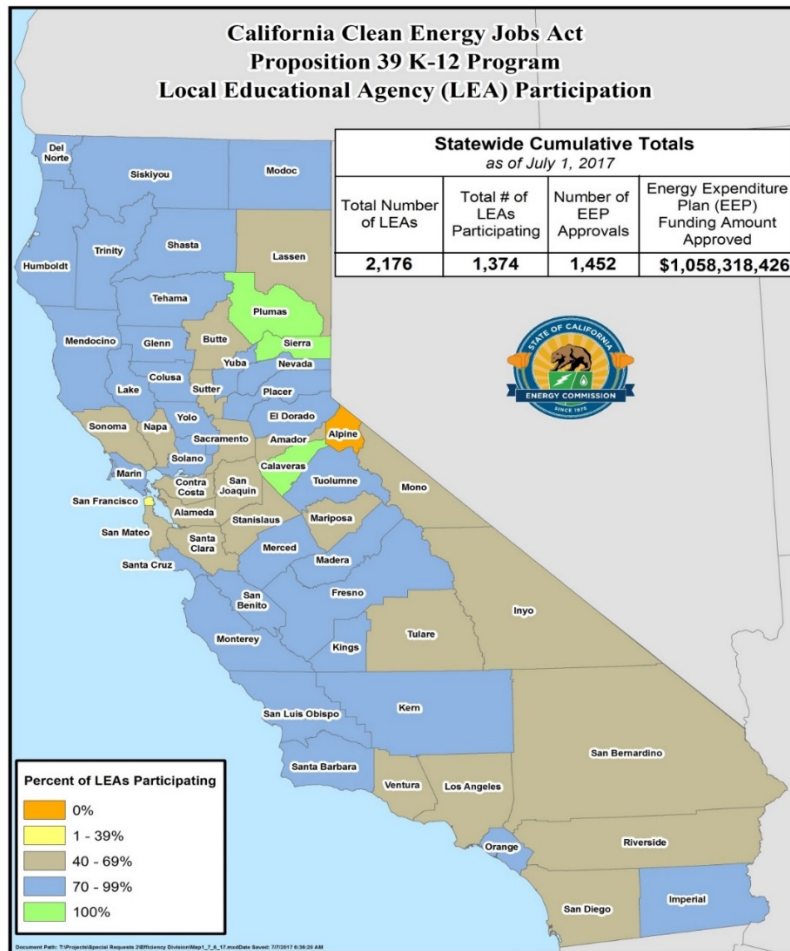
Socioeconomic Subgroup	Number of LEAs	LEAs Participating	Participation Rate
Disadvantaged LEAs	1,374	872	63%
Remaining LEAs	802	502	63%
TOTALS	2,176	1,374	63%

Source: California Energy Commission

¹¹ Per Senate Bill 73 (Committee on Budget and Fiscal Review, Chapter 29, Statutes of 2013), the Proposition 39 K-12 Program allocates awards based on a formula: 85 percent of the award is based on an LEA's average daily attendance reported to the California Department of Education (CDE) in April and May in the prior fiscal year, and 15 percent is based on free and reduced-priced meals (FRPM) in the prior year. A disadvantaged LEA is defined as one that has a ratio of FRPM/ADA of 0.5 or greater.

K-12 participation was also geographically diverse, with LEAs in 57 of California's 58 counties benefitting from the program overall. As shown in Figure 3-2, LEA participation by county was also high – 3 counties realized an LEA participation of 100% (Plumas, Sierra, and Calaveras), 31 counties had an LEA participation rate between 70-90%, 23 counties had an LEA participation rate between 40-69%, and 1 county had an LEA participation rate between 1-39%. Only Alpine County—California's smallest county, with a population of just over 1,100—did not participate in the program.

Figure 3-2: Local Educational Agencies Participation by County as of June 30, 2017



Source: California Energy Commission

LEAs are required to provide annual progress reports on approved EEPs until all energy measures within an approved EEP are completed. LEAs must then submit a final project completion report 12 to 15 months after the project completion date. This includes a full year of energy usage data after all approved energy measures are installed.

As shown in Table 3-2, from the program launch through June 30, 2017, 158 LEAs have completed their EEPs and submitted 174 final project completion reports. Table 3-2

compares this reporting period to the previous reporting period. These completed EEPs represent \$116 million in gross project costs. Of this amount, the Proposition 39 K-12 Program provided roughly \$97 million in grant funds, and LEAs contributed the remaining \$19 million in leveraged funding. The reported annual saved energy usage for these completed projects is 42,821 MWh and 146,126 therms, which is equivalent to roughly 15,624 tons of greenhouse gas emissions¹² reduction. Reported energy savings are equivalent to the annual energy consumption of 4,042 homes,¹³ with total annual energy cost savings of \$7,810,955.

Analyses of these reports show that the combined savings-to-investment ratio (SIR) for these 174 projects is \$1.36 in returns for every \$1.00 invested.

Table 3-2: Cumulative Summary of Final Project Completion Reports

	Previous Report (as of June 2016)	Current Report (as of June 2017)
Number of Completed EEPs	52	174
Spending		
Total Gross Project Cost	\$34 million	\$116 million
Prop. 39 Share	\$27 million	\$97 million
Leveraged Funding	\$7 million	\$19 million
Annual Energy Savings		
kWh Savings	13,804,252	42,820,936
Therm Savings	54,641	146,126
GHG emissions reduction	5,080 tons	15,624 tons
Savings-to-investment ratio (SIR)	1.44	1.36
Total Cost Savings	\$2.4 million	\$7.8 million

Source: California Energy Commission

¹² Based on 690 lbs of CO₂e/MWh and 11.65 lbs of CO₂e/therm.

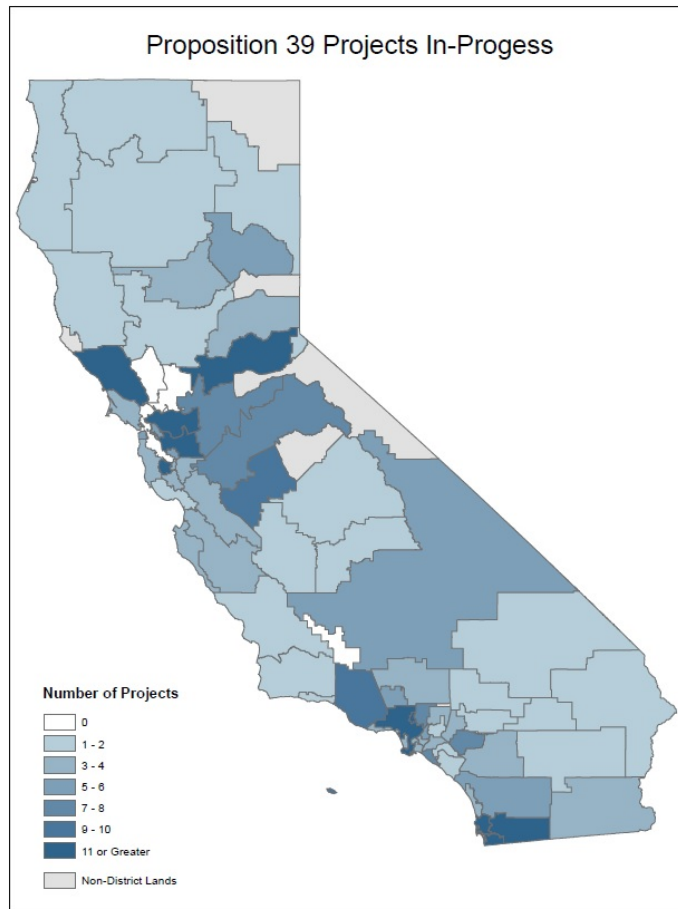
¹³ Based on California Energy Commission's Demand Analysis Office record of total residential consumption along with the California Dept. of Finance estimates of occupied households averaged over the past five years. One home's consumption = 7,200 kWh and 400 therms (or 117,155 kBtu total) per year.

California Community Colleges Chancellors Office Clean Energy Jobs Act Implementation

The Community Colleges Chancellors Office continues to use the CCEJA to support energy projects throughout the state, with year 4 funding of \$161.6 million supporting 578 energy projects. This investment is projected to result in annual savings of 67.6 million kilowatt-hours of electricity and 1.2 million gas therms, generating \$10.3 million in annual energy cost savings and \$9.2 million in one-time energy incentives at Community Colleges across the state. Comparing energy use data from 2015-16 to baseline data from 2012-13 indicates that system-wide energy use has declined by 7.85 percent across the state.

As shown in Figure 3-3, there are projects in process at all 72 community college districts in California.

Figure 3-3: Community College District Number of Projects in-Progress by County for 2016-17



Source: California Community Colleges Chancellors Office

While 578 projects are still at various stages of completion, a total of 123 projects have been completed at 38 community college districts. These completed projects represent \$17.5 million in Proposition 39 funds and annual energy cost savings of \$1.4 million.

Loans and Technical Assistance Grant Programs

California Energy Commission’s Energy Conservation Assistance Act Education Subaccount

The Energy Conservation Assistance Act Education Subaccount (ECCA-Ed) revolving loan program continued offering its zero percent financing to eligible Local Education Agencies to finance energy efficiency, demand reduction, and energy generation projects at K-12 local educational agencies and community college districts.

As of June 30, 2017 32 ECCA-Ed Loans were approved by the Energy Commission, representing a loan total of \$49.1 million of the \$50.5 million available for the program. Loan funds spent total \$46.1 million, with seven loans remaining in the construction phase. Table 3-3 gives an overview of program loans and associated status. To date, all loan borrowers have met their loan obligations.

Table 3-3: ECAA-Ed Financing Loan Status Overview as of June 30, 2017

Loan Status	# of Loans	Loan Funds Spent <i>(in millions)</i>
Loans with Final Project Completion Reports	10	\$21.4
Completed Loan Projects (Final Reports Due after 6/30/17)	15	\$14.4
Loans Still in Construction	7	\$10.3
Totals	32	\$46.1

Source: California Energy Commission

Loan recipients are required to report post-installation energy consumption and project savings 12 months after project completion. Ten loan recipients were eligible to submit post-installation reports, and the reported total annual energy savings were 10 million kWh and 6,000 therms, which is equivalent to 3,485 tons of reduced greenhouse gas emissions. Reported energy savings are equivalent to the annual energy consumption of 920 homes, with an annual energy cost savings of \$1.5 million.

ECAA is one of the brightest stars of the Clean Energy Jobs Act, allowing significant energy savings through a fiscally responsible mechanism that continually recycles dollars through loan repayment. To date, the program has a zero percent default rate.

California Energy Commission’s Bright Schools Program

The Bright Schools Program provides local educational agencies and community college districts with technical assistance to identify energy efficiency measures in existing facilities and apply for Proposition 39 K-12 Program funding. The Bright Schools Program received its funding allocation directly from the ECAA program--of \$56 million allocated to ECAA, \$5.5 million was allocated to the Bright Schools Program.

As of June 30, 2017, 165 technical assistance requests were approved, totaling over \$2.9 million. The average cost for a technical assistance request is \$16,000, with a limit of \$20,000 per request. Seventy Bright Schools Program energy audit reports have been successfully used to support Proposition 39 (K-12) energy expenditure plans.

Table 3-4 shows the status and amount of related funding of those that received technical assistance.

Table 3-4: Bright Schools Program Technical Assistance Overview as of June 30, 2017

Technical Assistance (TA) Status	# of TA Requests	Amount Spent
Completed	165	\$2,432,985
In Progress	4	N/A
Withdrawn	3	\$28,225
Contractor Administration	N/A	\$514,081
TOTALS	172	\$2,975,291

Source: California Energy Commission

Of the 165 technical assistance requests completed, 148 were energy studies, 11 were energy expenditure plan preparations, and 6 were project bid specifications. The completed energy studies identified total annual energy savings of 27,483 megawatt-hours and 304,359 therms, which is equivalent to 11,255 tons of reduced greenhouse gas emissions. The identified energy savings is equivalent to the annual energy consumption of 2,774 homes, and the estimated annual energy cost savings is \$4.4 million.

Workforce Training Grant Programs

California Workforce Development Board Proposition 39 Pre-Apprenticeship Support, Training and Placement

The California Workforce Development Board has invested \$10.8 million in program funds since 2014 to develop 12 construction pre-apprenticeship partnerships throughout the state that serve disadvantaged Californians.

These pre-apprenticeship pilot programs provide energy-efficiency focused workforce-training that prepare participants to apply for, enter, and successfully complete a building trade apprenticeship program.

Using the National Building Trades Multi-Craft Core Curriculum (MC3 certificate), these partnerships have prepared more than 1,000 ex-offenders, individuals from disadvantaged and under-served communities, and veterans for a bright future by giving them an industry valued credential and connecting them with a state registered apprenticeship program for the next step in their construction careers. This program is one of them most innovative aspects of the Clean Energy Jobs Act, and is consistently looked at by other states as a model for clean energy industry training.

California Conservation Corps' Energy Corps Training Program

The California Conservation Corps' (CCC) Energy Corps training program includes three categories of training: energy opportunity surveys/ energy audits, energy efficiency retrofits and renewable energy work, and educational programs. Energy Corps members (youth aged 18 to 25, as well as recently returned veterans up to age 29) provide energy surveys and perform retrofit work for schools and public agencies in partnership with energy-efficiency firms.

Since receiving CCEJA funding in 2013, 708 Corps members have learned to conduct energy surveys, while another 408 Corps members have trained to perform energy efficiency retrofits. Altogether, the CCC has completed 93 retrofit projects involving more than 124,000 lighting fixture replacements and more than 8,000 control retrofits helping save schools more than 6.5 million kilowatt hours per year.

In addition, the CCC has completed more than 1,300 energy surveys at more than 13,000 buildings, representing over 79 million square feet. These surveys provide detailed energy systems inventory and energy use data collection and represent the largest data set of energy use and efficiency information about K-12 Schools ever collected in California (approximately 20% of all K-12 school buildings).

California Community College Workforce and Economic Development Program

The Community College Workforce and Economic Development Program receives 12.8% of the California Community College Proposition 39 annual fund allocation for use in job training and workforce development projects. This amount totals \$6.29 million for fiscal year 2016-17.

The funds are divided into grants for community colleges to purchase new equipment, create and improve student curriculum, and provide professional development for faculty to prepare students for jobs in the clean energy sector. The program also supports regional collaboration in the energy, construction and utility sectors, including the development of partnerships and networks to support continued student and faculty success.

For the 2016-17 academic year, the community college workforce program has distributed 676 Associate of Arts/Science degrees, 1,240 certificates for completing 6-18 units, 2,621 certificates for completing 18 units or more, and 1,836 industry apprenticeship certifications to approximately 4,500 students statewide.

Proposition 39 Job Creation

The California Clean Energy Jobs Act (CCEJA) created significant economic and fiscal benefits throughout the first four years of the program. As shown in Table 3-5, the California Workforce Development Board estimates that through the end of 2017, more than 18,000 total jobs have been created through the Energy Commission Local Educational Agency K-12 Proposition 39 Award Program. This includes over 8,000 direct jobs, over 3,500 indirect jobs, and over 6,800 induced jobs.

This investment has increased economic activity and employment, on top of energy savings and greenhouse gas emissions that would not have otherwise occurred.

Table 3-5: Economic and Fiscal Impacts of Proposition 39 Grants Calculated through 2017

Proposition 39 grants \$1.3882 billion (2016 dollars)	Economic Activity (2016 dollars)	Employment (number of jobs created)
Direct Jobs (e.g. electricians installing new systems at schools)	\$1.3882 billion	8,157
Indirect Jobs (e.g. suppliers of energy equipment used in projects)	\$666.7 million	3,572
Induced Jobs (e.g. workers in retail or restaurant industries who benefit from spending by direct workers)	\$1.084 billion	6,842
Total	\$3.1389 billion	18,571

Source: California Workforce Development Board

CHAPTER 4: Overall Findings and Recommendations

As discussed in the chapters above, Proposition 39’s administration involves multiple agencies and institutions across the state. The Citizens Oversight Board is the only body involved in the program that has the opportunity to work across all these agencies.

As such, we are in a good position to offer high-level findings and recommendations for the Proposition 39 program. We hope these recommendations are useful to both legislators and agency staff.

Findings

We continue to be very pleased with the outcomes from the California Clean Energy Jobs Act. This year we saw significantly more projects completed, and we have been especially impressed by the geographic diversity of these projects as well as the high participation rates among disadvantaged and small, rural schools. We have noted the need for targeted outreach to these schools in the last two reports, and we are pleased to see how effective the Energy Commission has been in reaching out to inform them about the program, and in providing technical assistance to those schools that lack energy managers or other on-site expertise. That work has paid dividends.

We also continue to be extremely impressed with the job training aspects of this program across the CCC, community colleges, and Workforce Development Board. The pre-apprenticeship program run through the Workforce Development Board is especially impressive, and in fact has become a model for other states looking to provide targeted, effective job training for workers going into growing clean energy fields. This program has demonstrated real progress in placing youth, veterans, and formerly incarcerated Californians into pre-apprenticeship programs that put them into a position to gain high-quality, career-track jobs in the building trades.

There is no doubt in our minds that the California Clean Energy Jobs Act is creating real value for the state of California, and is contributing to the state’s larger education, energy, climate, and economic development goals. As we note below, we strongly believe the Legislature should continue to fund this program after it switches from one that is directly funded by tax revenues generated by Proposition 39, to one that requires an annual appropriation.

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.** We believe the Proposition 39 program has demonstrated success and should be funded through annual appropriations to allow progress to continue

even after the initial five-year term. In particular, we recommend that the Legislature appropriate a minimum of \$175 million per year under terms consistent with SB 110.

2. **Support the ECAA-Ed revolving loan program**, which is one of the most fiscally-responsible energy programs in California but which is not included in SB 110 as a target for long-term funding. As we have noted in each of our reports, we have been extremely encouraged by the performance of the loan programs, ECAA-Ed and Bright Schools. These programs allow for more funding to be targeted at a broader range of schools, and also—importantly for a state interested in fiscal discipline—are self-perpetuating, as schools pay back funds out of their energy savings. Schools are extremely good candidates for loans; in fact, these programs show a zero percent default rate. We recommend the Legislature continue funding the ECAA-Ed program, which in turn funds the Bright Schools program, at a level of at least \$100 million. We believe this is a particularly good target for funding generated through the state’s cap-and-trade program as well.

In addition, while SB 110 calls for future funding for Proposition 39 programs to be allocated on a competitive basis, the Citizens Oversight Board believes that technical assistance and energy audits funded by the Bright Schools Program should instead be funded on an *eligibility* basis, as they have been in the past. Bright Schools funds are intended to help all eligible schools identify energy opportunities and apply for ECAA-Ed loans, and therefore are not appropriate for a competitive grant process. The Citizens Oversight Board recommends that the Legislature make this point explicit.

3. **Provide direct support to the Workforce Development Board’s Pre-Apprenticeship Program**, which is not included in SB 110. This program is a clear winner, working with just \$3 million per year to show truly impressive job training and placement results, including for hard-to-place workers such as veterans, at-risk youth, and formerly incarcerated individuals. Over the course of the program thus far, the pre-apprenticeship pilots funded by this program have prepared more than 1000 disadvantaged Californians for solid careers in the construction trades. This training program is the piece of the CCEJA that is most consistently looked at as a model for other states. We strongly believe this program should be funded at a minimum of \$5 million per year, potentially from cap and trade revenues, going forward. We believe this would add value to *all* the state’s energy efficiency programs, since the multi-craft pre-apprenticeship is a strong foundation for construction careers generally.

4. **Inventory of K-12 facilities.** While we are impressed by the greater reach of the Prop 39 program this year, to include more schools of varying sizes, we remain concerned that some of the smaller schools with the most pressing energy issues may not be applying for funds. As we've stated in our past reports, we wish we could recommend that outreach and funds be better targeted to these schools—but at the moment, there is no existing inventory of California K-12 facilities that includes their age, maintenance history, energy use, or any other relevant details. Both the Energy Commission (through 12-18 months of utility data collected from each LEA participating in the CCEJA) and the California Conservation Corps (through audit data collected from thousands of schools across the states) now hold information that is critical to understanding the physical condition of California's public school facilities. In addition, the state's university system and public utilities are repositories of stores of information about school buildings in specific geographic areas. We strongly recommend this information be leveraged, and ideally added to existing school databases that exist at the California Department of Education. This will allow future school energy efficiency programs, and indeed any state funding for school facility upgrades, to be better targeted toward those schools in disadvantaged communities with the greatest facility improvement needs.

5. **Funding/capacity for manual on best practices.** Finally, as we come toward the conclusion of the original 5-year program period, we once again strongly recommend that the Legislature allocate a small amount of funding (e.g. \$250,000) to a third-party organization to review a cross-section of completed projects and provide a handbook, or manual, to schools across California that lays out the best opportunities for energy efficiency and self-generation projects, the key issues to consider (financing, capacity, technical know-how, etc.) in approaching such a project. We would also recommend including case studies—with contact information—for some of the schools that have put together truly effective projects across a variety of technologies, geographies, and school size. We believe such a guide would increase the reach of this program even in the event that there is no longer-term extension of funding, by creating an informational “legacy” to inform future investments from new funding sources.

APPENDIX A: ENERGY COMMISSION - PROPOSITION 39: CALIFORNIA CLEAN ENERGY JOBS ACT, K-12 PROGRAM AND ENERGY CONSERVATION ASSISTANCE ACT 2013-2015 PROGRESS REPORT

APPENDIX B: CALIFORNIA COMMUNITY COLLEGES CHANCELLOR'S OFFICE PROPOSITION 39 SUMMARY REPORT

APPENDIX C: CALIFORNIA WORKFORCE DEVELOPMENT BOARD PROP 39 PRE-APPRENTICESHIP TRAINING PILOTS

APPENDIX D: CALIFORNIA CONSERVATION CORPS STATUS OF PROPOSITION 39 FUNDED ENERGY CORPS PROGRAM

APPENDIX E: CALIFORNIA WORKFORCE DEVELOPMENT BOARD PROPOSITION 39 JOBS REPORTING METHODOLOGY AND INNOVATION REPORT

APPENDIX F: SENATE BILL 73: PROPOSITION 39 IMPLIMENTATION LEGISLATION

APPENDIX G: SENATE BILL 110: CLEAN ENERGY JOB CREATION PROGRAM AND CITIZEN OVERSIGHT BOARD LEGISLATION