California's Citizens Oversight Board

4th ANNUAL REPORT (Revised DRAFT)

PROPOSITION 39 CLEAN ENERGY JOBS ACT REPORT TO THE LEGISLATURE

Gavin Newsom, Governor

March 2019

California's Citizens Oversight Board

Adrienne Alvord
Chair

Randall Martinez
Vice Chair

David Dias
Mark Gold
Barbara Lloyd
Heather Joy Rosenberg
Board Members

David Hochschild
Michael Picker
Ex-Officio Members

Jim Bartridge, Program and Policy Advisor
Jack Bastida, Associate Program Specialist

TABLE OF CONTENTS

Page

Executive Summary 1
Recommendations 2

CHAPTER 1: The California Clean Energy Jobs Act and its Enduring Impact 3
Objectives of the California Clean Energy Jobs Act 3
Overview of the Original CCEJA Programs, Funding, and Timelines 4
SB 110 Program Changes for 2018 and Beyond 9
School Bus Replacement Program 12
ECAA-Ed Competitive Program 13

CHAPTER 2: Citizens Oversight Board Mandates, Meeting History, and Audit Progress. 14
Mandates of the Citizens Oversight Board 14
Meeting History of the Citizens Oversight Board 14
The Financial Audits of the Clean Energy Job Creation Fund and Program Audits of the Clean Energy Jobs Act 15

CHAPTER 3: Proposition 39 Clean Energy Jobs Act Programs 20
Energy Project Grant Programs 20
California Energy Commission's Local Educational Agency K-12 Award Program 20
California Community Colleges Chancellors Office Clean Energy Jobs Act Implementation... 24
Loans and Technical Assistance Grant Programs 26
California Energy Commission's Energy Conservation Assistance Act Education Subaccount 26
California Energy Commission's Bright Schools Program 26
Workforce Training Grant Programs 27
California Workforce Development Board Proposition 39 Pre-Apprenticeship Support, Training and Placement 27
California Conservation Corps' Energy Corps Training Program 28
California Community College Workforce and Economic Development Program 28
Proposition 39 Job Creation 29

CHAPTER 4: Overall Findings and Recommendations 31
Findings 31
Recommendations 31

Appendices 34

LIST OF FIGURES

Page

Figure 1-1: Timeline of Original Proposition 39 K-12 Program 11

Figure 1-2: Timeline of Proposition 39 SB 110 Programs 11

Figure 3-1: Proposition 39 K-12 Program Overall Funding Status as of June 30, 2018.... 21

Figure 3-2: Local Educational Agencies Participation by County as of June 30, 2018..... 22

Figure 3-3: Community College District Number of Projects in-Progress by County for 2017-18 25

LIST OF TABLES

Page

Table 1-1: Original Clean Energy Job Creation Fund Distribution 6

Table 1-2: Cumulative Summary of K-12 Final Project Completion Reports.....7

Table 1-3: Cumulative Summary of Community College Final Project Reports.....9

Table 2-1: 2018 State Controller's Office Audit Summary..... 16

Table 2-2: Prop 39 Recovery Status of SCO's Audit Findings for LEAs 18

Table 3-1: Disadvantaged LEA Participation as of June 30, 2018 21

Table 3-2: Cumulative Summary of Final Project Completion Reports..... 23

Table 3-3: Community Colleges Annual Energy Usage and Savings Totals 24

Table 3-4: ECAA-Ed Financing Loan Status Overview as of June 30, 2018..... 26

Table 3-5: Bright Schools Program Technical Assistance Overview as of June 30, 2018. 27

Table 3-6: Economic and Employment Impacts of Proposition 39 Grants Calculated through 2018 30

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 fifth 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, 2017 through June 30, 2018.

The original Proposition 39 Clean Energy Jobs Act, which was designed to last for just five years, through June 30, 2018, has been a resounding success. 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, as well as the geographic diversity of these projects and the increased participation from disadvantaged schools.

Senate Bill 110 (Committee on Budget and Fiscal Review, Chapter 55, Statutes of 2017), extended and modified the California Clean Energy Jobs Act. Beginning in the 2018-19 fiscal year, Senate Bill 110 established the Clean Energy Job Creation Program with three new programs: The School Bus Replacement Program, the Energy Conservation Assistance Act – Education Subaccount Competitive Loan Program, and the Proposition 39 K-12 Competitive Grant Program. Proposition 39 K-12 funds remaining after June 30, 2018 were reallocated to support these new programs, and any future Proposition 39 funding must be provided through direct legislative appropriation. Our report will discuss these and other important program changes going forward.

Recommendations

As we have done in previous reports, we conclude with 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. Continued annual funding should also be considered as appropriate so that school energy improvements continue to help meet the California's energy and climate goals. We also strongly recommend the Legislature allocate additional funding for two key elements of this program: 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 previous 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 fourth 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, 2017 until June 30, 2018, 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 Office[4] 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 the Original 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 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: Original 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 CCCCO 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 four-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%.

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**	**Program totals as of June 2018**
Number of Completed EEPs	*17*	*52*	*174*	*292*
Spending				
Total Gross Project Cost	$8.6 million	$34 million	$116 million	$190 million
Total P-39 Share	$6.2 million	$27 million	$97 million	$153 million
Leveraged Funding	$2.4 million	$7 million	$19 million	$37 million
Annual Energy Savings				
kWh Savings	3,005,227	13,804,252	42,820,936	63,925,295
Therm Savings	3,352	54,641	146,126	225,828
GHG emissions reduction	1,056 tons	5,080 tons	15,624 tons	22,191 tons
Savings-to-investment ratio (SIR)	1.26	1.44	1.36	1.36

Source: California Energy Commission

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. Between June 2017 and June 2018, the number of completed EEPs increased by another 118, representing an increase of 68% for that 12-month period. Cumulatively, between December 2015 and June 2018, the total number of completed EEPs increased by over 1,620%.

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. Between June 2017 and June 2018, the total kWh savings increased by another 49% for that 12-month period, to 63,925,295 kWh saved. Cumulatively, between December 2015 and June 2018, the total number of kWh savings increased by over 2,020%.

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. Between June 2017 and June 2018, GHG savings increased from 15,624 tons to 22,191 tons, representing an increase in GHG savings of over 42% for that 12-month period. Cumulatively, between December 2015 and June 2018, the total amount of GHG savings increased by over 2,000%.

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%. Between June 2017 and June 2018, the number of completed projects increased from 377 to 516; the additional 139 projects represent an increase of an additional 37%. Cumulatively, between December 2015 and June 82018, the total number of completed projects at the Community Colleges increased by almost 410%.

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. Between June 2017 and June 2018, the total kWh savings increased by another 30%, to 50,291,162 kWh saved. Cumulatively, between December 2015 and June 2018, the total number of kWh savings increased by over 268%.

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	Program totals as of 2018
Number of closed-out projects	*102*	*254*	*377*	*516*
Spending				
Total Gross Project Cost	$24.3 million	$54.9 million	$72.4 million	$100.4 million
Total P-39 Share	$ 16.6 million	$ 35.2 million	$48.1 million	$74.95 million
Total Leveraged Funding with incentives	$ 3.2 million	$ 6 million	$7.45 million	$8.67 million
Annual Energy Savings				
kWh Savings	13,653,884	29,903,272	38,706,915	50,291,162
Therm Savings	175,042	316,566	567,658	895,661

Source: California Community Colleges Chancellor's Office

SB 110 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.

In 2017, 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), which extended the overall CCEJA program beyond 2018 as the Clean Energy Job Creation Program. SB 110 removed the direct allocation of funds collected from the Proposition 39 tax change and required, after June 30, 2018, that any remaining Proposition 39 K-12 funds from the original five-year program be awarded through competitive grant programs as follows:

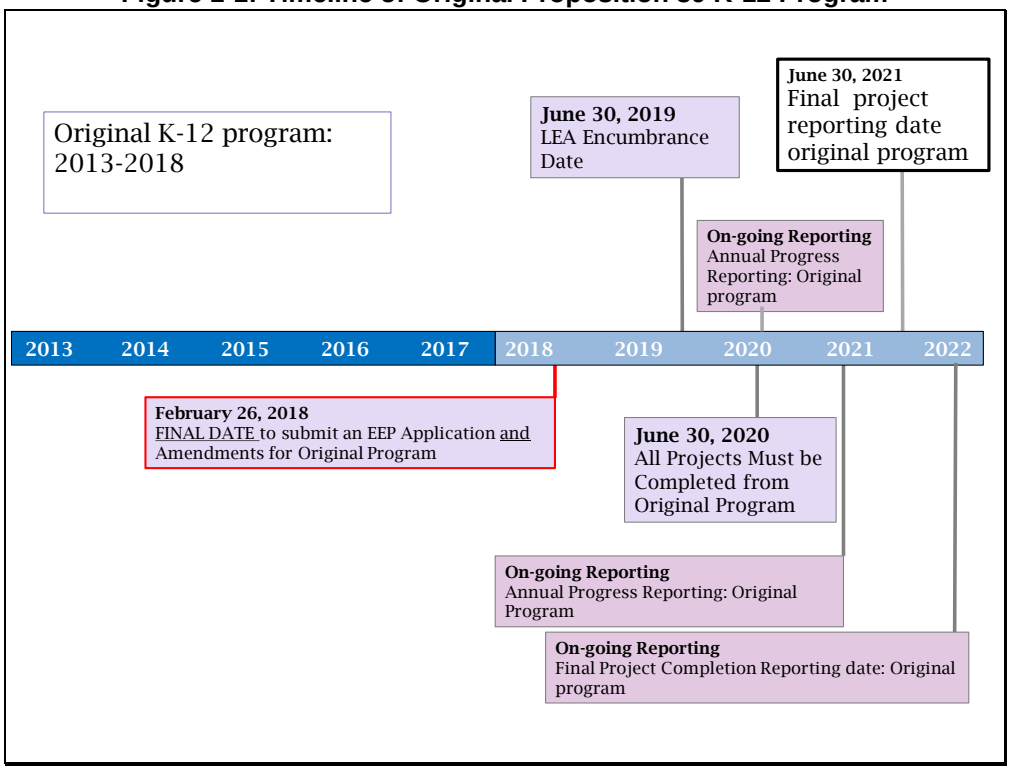
- $75 million allocated for the School Bus Replacement Program, with priority given to older buses and buses operating in disadvantaged communities, and to school districts with a majority of students eligible for free or reduced-price meals in the prior year.

- Up to $100 million would 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 in the prior year, energy savings, geographic diversity, and diversity in the size of LEA student populations.
- Any remaining funds will be distributed to LEAs through a Proposition 39 K-12 competitive grant program based on size.

SB 110 required the Energy Commission to report the remaining funds allocated to LEAs that did not submit an energy expenditure plan to the Energy Commission for approval. On March 1, 2018, the Energy Commission estimated that $114.5 million in unrequested funds remained in the Clean Energy Job Creation Fund from the Proposition 39 K-12 Program. Based on this estimate, $75 million was available to the School Bus Replacement Program and up to $39.5 million was available to the ECAA-Ed competitive loan program. No additional funds remained to support competitive grant program. The Energy Commission held a series of informational workshop listening sessions in early 2018 to develop and refine these programs.

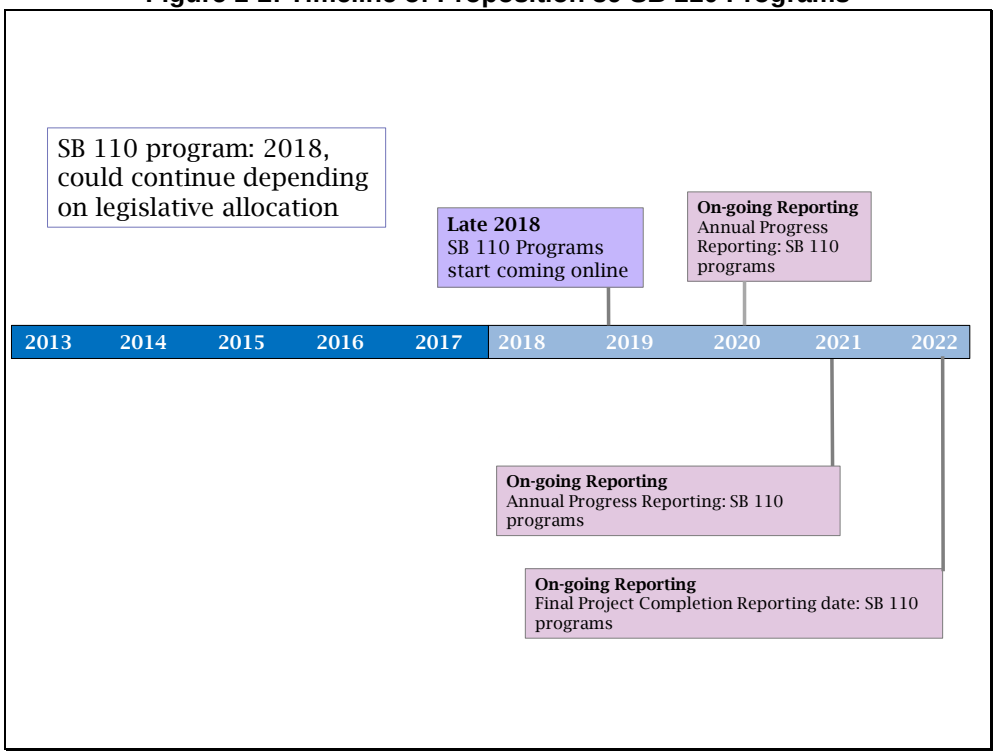
Commencing with the 2018-19 Fiscal Year, SB 110 requires the Legislature to appropriate any additional funding for the Clean Energy Job Creation Program through the annual budget process. If additional funds are provided, eleven percent will be allocated to the community college districts, and any remaining moneys thereafter will be allocated to LEAs. Future allocations to LEAs will be prioritized based on the LEA's percentage of students eligible for free or reduced-price meals in the prior year, geographic diversity that provides funding to all regions of the state, and workforce needs determined by the California Workforce Investment Board and local workforce investment boards. The Citizens Oversight Board will continue to provide oversight reporting on these additional programs in the years ahead. Figures 1-1 and 1-2 compare the previous CCEJA K-12 program and the new Clean Energy Job Creation Programs authorized by SB110.

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



Source: California Energy Commission

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



Source: Citizens Oversight Board

School Bus Replacement Program

SB 110 established the School Bus Replacement Program to replace the oldest school buses or those operating in disadvantaged and low-income communities, and to school districts or county offices of education with a majority of students eligible for free or reduced-price meals. The Energy Commission began developing the program in early 2018 and provided a briefing on conceptual program designs and options being considered at a Citizens Oversight Board (COB) meeting in March, 2018. The COB discussed the program options following the staff presentation. COB Chair Gordon, and Vice Chair Gold submitted a comment letter with recommendations to Commissioner Scott for consideration during program development. A copy of the letter is included as Appendix H, and many of its recommendations are included in the final program design.

Up to $75 million is available exclusively to purchase battery-electric school buses in Northern, Central, Southern California, and Los Angeles County. In addition, up to $26 million in Alternative and Renewable Fuel and Vehicle Technology Program (ARFVTP) funds is available for charging infrastructure to support the buses. The Energy Commission is emphasizing electric school buses as the preferred type of school bus replacement, in support of Governor's Executive Order B-48-18 to boost the supply of zero-emission vehicles and infrastructure in California. Other goals include benefitting children's health and safety, and reducing greenhouse gas emissions.

Where battery-electric busses are not feasible, up to $4 million in natural gas vehicle ARFVTP funds and up to $2.1 million in natural gas fueling infrastructure ARFVTP funds is available for compressed natural gas-powered school buses and necessary fueling infrastructure. Additionally, workforce training and development funding through ARFVTP is available to LEAs that purchase electric buses. The Energy Commission will work with local community colleges to develop appropriate curriculum.

The Energy Commission released the first solicitation of the School Bus Replacement Program Grant Funding Opportunity solicitation (GFO-17-607)[5] in May 2018. It allowed all school districts, county offices of education, and joint power authorities to apply for up to 10 buses for replacement. From those applications, an initial list of ranked buses was released in November 2018 and a revised list in February 2019.[6]

A second solicitation, to Establish Bulk Purchase Price for Electric School Buses (GFO-18-604) was released in December 2018.[7] It will select electric school bus manufacturer(s) or dealer(s) to design, construct, and deliver electric school buses for those that applied for replacements. Applications are due March 29, 2019~~8~~. The Energy Commission is

[5] For more information, see: https://www.energy.ca.gov/contracts/transportation.html#GFO-17-607

[6] For more information, see: https://www.energy.ca.gov/contracts/GFO-17-607_revised_NOPA.pdf

[7] For more information, see: https://www.energy.ca.gov/contracts/transportation.html#GFO-18-604

expected to approve agreements from both solicitations in 2019, with bus deliveries expected to begin in late 2019.

ECAA-Ed Competitive Program

The ECAA–Ed Financing Program is a revolving loan program funded by the Clean Energy Job Creation Fund that provides zero percent financing to eligible entities for energy efficiency, demand reduction, and energy generation projects. SB 110 established the ECAA-Ed Competitive Loan Program to fund energy project loans to LEAs on a competitive basis. The Program Opportunity Notice solicitation (PON-18-101) was released in February, 2018,[8] with up to approximately $36 million in funding available. Applications are due May 31, 2019~~8~~.

[8] For more information, see: https://www.energy.ca.gov/contracts/efficiency.html#PON-18-101

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 six members and three vacancies. 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.[9]

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 annual audits, including a program audit of the CCEJA and an 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 2018 and early 2019.[10]

---

[9] Public Resources Code Section 26210-26217

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

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 nominated and approved Mark Gold as Vice Chair and received an update on the new programs authorized by SB 110.
- March 22nd 2018: The Citizens Oversight Board met to approve the third final report to the Legislature.
- July 19th 2018: The Citizens Oversight Board met to discuss and approve the Program Audit from the State Controller's Office. The Board also received an update on the School Bus Replacement Program authorized by SB 110.
- December 3rd 2018: The Citizens Oversight Board met to receive information from several districts on the many challenges faced by school districts. The San Francisco Unified School District, the Twin Rivers Unified School District, and the San Diego Unified School District offered examples of how Proposition 39 investments were instrumental to improving schools and reducing energy costs. The Board also received information from the California Community College Chancellor's Office on Year 5 Proposition 39 program results, and an overview of the California Community Colleges Board of Governors Energy and Sustainability Awards.

2019

- February 19th 2019: The Citizens Oversight Board met to review and accept agency reports on prior year activities for the various programs of the Clean Energy Jobs Act. The Board nominated and approved Adrienne Alvord and Randall Martinez as Chair and Vice Chair, respectively.
- March 21st 2019: The Citizens Oversight Board met to approve the fourth annual report to the Legislature.

A complete timeline of CCEJA key events is also contained in the Board's previous Proposition 39 Clean Energy Jobs Act reports to the Legislature.[11]

The Financial Audits of the Clean Energy Job Creation Fund and Program Audits of the Clean Energy Jobs Act

In June 2016, the Citizens Oversight Board entered into an interagency agreement with the California State Controller's Office (SCO) to provide Financial Audits of the Clean

[11] These reports are available at: https://www.energy.ca.gov/efficiency/proposition39/citizens_oversight_board/documents/

Energy Job Creation Fund and Program Audits for the California Clean Energy Jobs Act (CCEJA) programs[12]. The Financial Audits review 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 Audits review the oversight practices of both the California Energy Commission (Energy Commission) and Community Colleges Chancellor's Office (CCCCO) and audit a selection of completed projects from both CCEJA programs to determine whether they are consistent with the California Public Resources Code and adopted program guidelines.

Previous financial audits 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 (the Code). Furthermore, the audits found that both agencies had adequate controls in place to ensure the completeness and accuracy of reporting forms submitted by program recipients.

The Program Audit of the CCEJA issued in July 2018[13] (2018 Program Audit) covered the period from July 1, 2016, through June 30, 2017. The 2018 Program Audit focused on completed projects to determine if they were consistent with the Code and adopted program guidelines. The 2018 Program Audit also evaluated the Energy Commission's controls over implementation and administration of the Job Creation Fund.

Table 2-1: 2018 State Controller's Office Audit Summary

Agency Type	Completed Project Costs	Number of Agencies
Local Educational Agencies (LEAs)	$41,016,640	69
Community College Districts (CCDs)	$12,786,264	36
Total	$53,802,904	**105**

Source: Citizens Oversight Board

[12] COB audits and other materials are available at: https://www.energy.ca.gov/efficiency/proposition39/citizens_oversight_board/documents/

[13] The 2018 Program Audit of the CCEJA is available at: https://www.energy.ca.gov/efficiency/proposition39/citizens_oversight_board/documents/3rd_annual_report/Program_Audit_July_2018.pdf

From these completed projects, the SCO randomly selected a sample of 16 LEAs and four CCDs with a total of $20,389,253 in completed project costs, representing approximately 38 percent of reported project costs.

Although the 2018 Program Audit overall showed a high degree of compliance with the Code and adopted program guidelines, some areas of concern were found. The audit found that: seven LEAs had sole-sourced portions of their project costs; 12 LEAs and three CCDs did not identify projected energy savings in awarded contracts; two LEAs applied Proposition 39 funds to project costs incurred prior to approval of the Proposition 39 Guidelines; and four LEAs submitted late final project completion reports. The SCO discussed the audit results with the LEAs and CCDs during audit fieldwork and notified them when the audit was complete. Responses from the LEAs and CCDs are included in the final audit.

Regarding sole source issues, several districts cited differences between both the language and requirements of the Public Resources Code, the Proposition 39 program guidelines, and the Public Contract Code that allows districts to enter into contracts for professional services, as well as confusion over which legal requirements districts must follow. Additionally, LEAs have indicated that only a limited number of companies were available to provide needed energy services. The COB has consistently requested that implementing agencies remind program applicants that sole-sourcing is not permitted.

When an audit finds that project costs were either sole- sourced or incurred prior to the program eligibility period of December 13, 2013, LEAs can file a Summary Review or Formal Appeal with the Education Audit Appeals Panel (EAAP). If the EAAP does not waive or reduce reimbursements or penalties, LEAs must reimburse the California Department of Education (CDE) through a repayment plan.[14]

Table 2-2, below, presents the recovery status for local educational agencies that were subject to audit findings in 2017 and 2018 for either sole-source or funds spent prior to the eligibility period starting December 19, 2013. The amount of Proposition 39 recovered funds is available in CDE's Consolidated Entitlement Schedule.[15]

---

[14] For more information on the audit appeal process, see: http://eaap.ca.gov/

[15] For more information regarding Proposition 39 recovered funds, see the Consolidated Entitlement Schedule at: https://www.cde.ca.gov/fg/aa/ca/prop39cceja.asp

Table 2-2: Prop 39 Recovery Status of SCO's Audit Findings for LEAs

Local Educational Agency	Date of SCO Report	Amount of Sole-Source Findings	Amount of Findings for Funds Spent Prior to Eligibility Period	Total Amount of Findings	CDE's Recovery Status
Bonsall Unified	June 2017	$106,215	$0	$106,215	The funds will be recovered over six years.
Chino Valley Unified	June 2017	$185,690	$0	$185,690	The funds have been recovered.
Happy Camp Union Elementary	June 2017	$184,441	$0	$184,441	Finding was waived through the summary review.
Nuview Bridge Early College High	June 2017	$0	$20,485	$20,485	The funds have been recovered.
Seiad Elementary	June 2017	$30,710	$0	$30,710	The funds have been recovered.
Cambrian Elementary	July 2018	$17,028	$0	$17,028	The invoice is outstanding.
Clovis Unified	July 2018	$20,300	$277,681	$297,981	The invoice is outstanding.
Harmony Union Elementary	July 2018	$17,705	$0	$17,705	The invoice is outstanding.
Learning Works	July 2018	$1,068	$0	$1,068	The invoice is outstanding.
Napa Valley Unified[1]	July 2018	$399,035	$57,541	$399,341	Pending request for appeal.
Oasis Charter Public	July 2018	$94,980	$0	$94,980	The invoice is outstanding.
Price Charter Middle	July 2018	$7,529	$0	$7,529	The invoice is outstanding.
Total		**$1,064,701**	**$355,707**	**$1,363,173**	

Napa Valley Unified[1]: $57,235 is included in both the findings for sole-source and for funds spent prior to the eligibility period (12/19/2013).

Source: California Department of Education

Regarding the Energy Commission's controls over implementation and administration of the Job Creation Fund., the audit found that one of the 16 Energy Expenditure Plans (EEPs) reviewed resulted in an overpayment of funds. A subsequent review by the Energy Commission found that the EEP in question was a spreadsheet application, not the revised online forms used later for the majority of EEP. The Energy Commission noted that the overpayment was never made because it identified and corrected the overpayment authorization and reallocated it for uses allowed under the Proposition 39 program.

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, 2018. 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, 2018, there were 2,189 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),[16] and county offices of education. As of June 30, 2018 1,765 LEAs (or 80% of the total) participated in the program. Together, those 1,765 LEAs submitted 2,139 EEPs for energy efficiency and renewable energy projects at 7,298 school sites, for $1.55 billion of program funding. An additional $154 million supported project planning. Overall funding is shown in Figure 3-1.

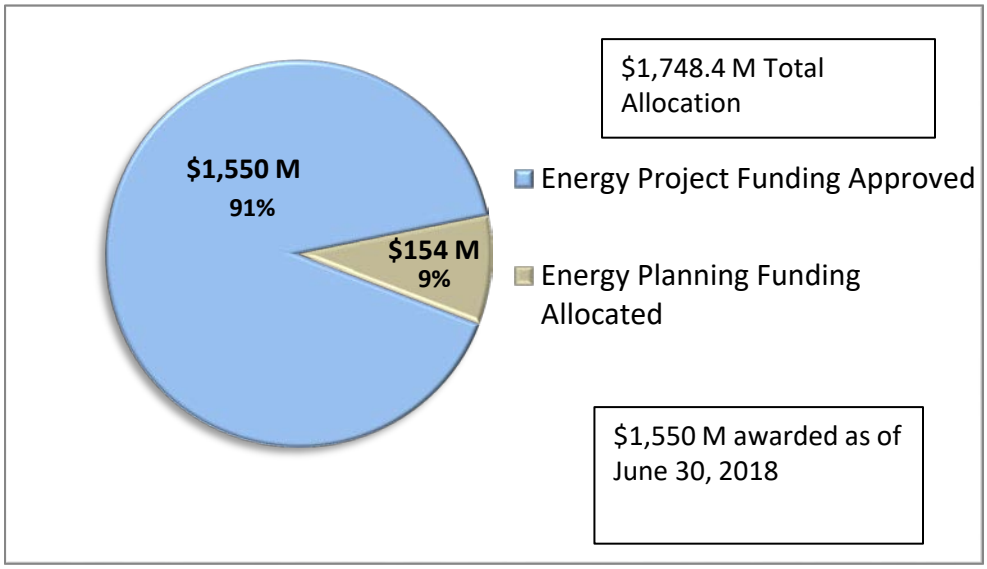
Public school districts have the highest program participation rate, with 82% submitting successful EEPs. Table 3-1 shows the participation rates of disadvantaged LEAs, that is, LEAS that have a high Free and Reduced-Priced Meal ratio and the remaining LEAs. According to the Energy Commission, disadvantaged LEAs[17] are participating in the Proposition 39 K-12 Program at almost the same level as non-disadvantaged LEAs. As shown in Table 3-1, of the 2,189 total LEAs in the state, 1,374 participated in the program. Of the 1,765 total participating LEAs, 617 were disadvantaged; 76% of the disadvantaged LEAs statewide participated in the program.

---

[16] California Department of Education: State Special Schools information available at: https://www.cde.ca.gov/sp/ss/

[17] 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 0.75 or greater.

Figure 3-1: Proposition 39 K-12 Program Overall Funding Status as of June 30, 2018



Source: California Energy Commission

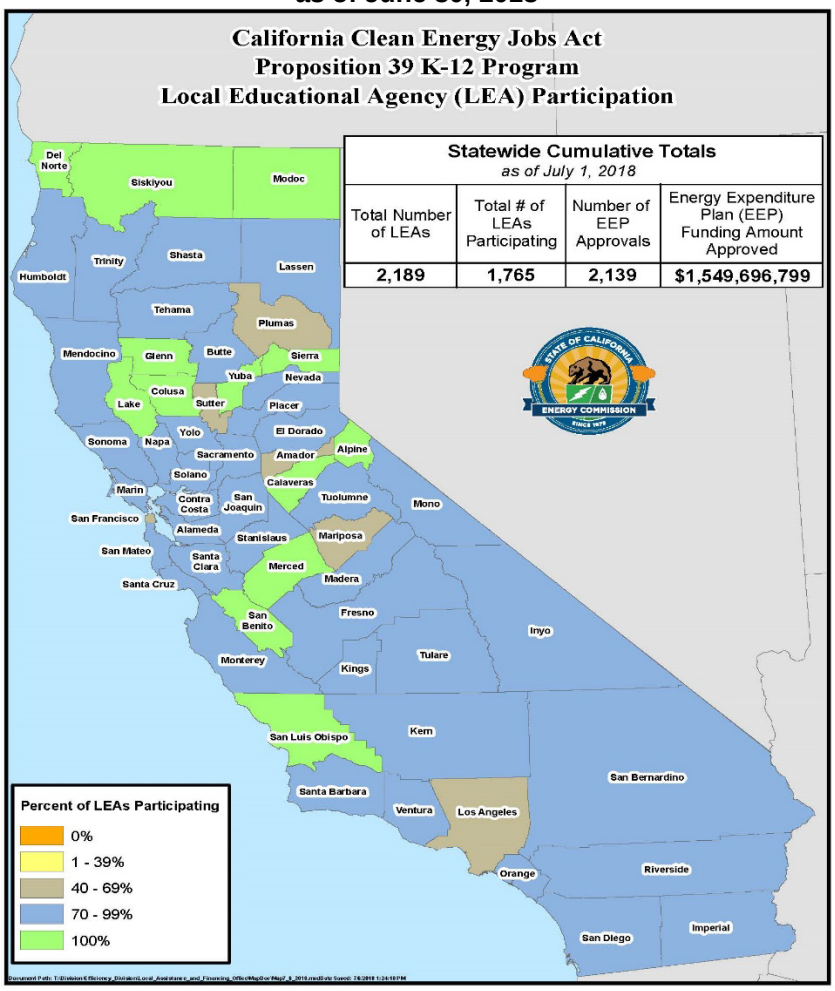
Table 3-1: Disadvantaged LEA Participation as of June 30, 2018

Socioeconomic Subgroup	Number of LEAs	LEAs Participating	Participation Rate
Disadvantaged (High FRPM) LEAs	808	617	76%
Remaining LEAs	1,381	1,148	83%
TOTALS	**2,189**	**1,765**	**81%**

Source: California Energy Commission

K-12 participation was also geographically diverse, with LEAs in all of California's 58 counties benefitting from the program overall. As shown in Figure 3-2, LEA participation by county was also high – 13 counties realized an LEA participation of 100%, 39 counties had an LEA participation rate between 70-99%, and six counties had an LEA participation rate between 40-69%.

Figure 3-2: Local Educational Agencies Participation by County as of June 30, 2018



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, 2018, 261 LEAs have completed their EEPs and submitted 292 final project completion reports. Table 3-2 compares this reporting period to the previous reporting period. These completed EEPs represent $190 million in gross project costs. Of this amount, the Proposition 39 K-12 Program provided roughly $153 million in grant funds, and LEAs contributed the remaining $37 million in leveraged funding. The reported annual saved energy usage for

these completed projects is 63,925 MWh and 225,828 therms, which is equivalent to roughly 22,191 tons of greenhouse gas emissions[18] reduction.

Analyses of these reports show that the combined savings-to-investment ratio (SIR) for these ~~174~~292 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)	Previous Report (as of June 2017)	Current Report (as of June 2018)
Number of Completed EEPs	***52***	***174***	***292***
	Spending		
Total Gross Project Cost	$34 million	$116 million	$190 million
Prop. 39 Share	$27 million	$97 million	$153 million
Leveraged Funding	$7 million	$19 million	$37 million
	Annual Energy Savings		
kWh Savings	13,804,252	42,820,936	63,925,295
Therm Savings	54,641	146,126	225,828
GHG emissions reduction	5,080 tons	15,624 tons	22,191 tons
Savings-to-investment ratio (SIR)	1.44	1.36	1.36
Total Cost Savings	**$2.4 million**	**$7.8 million**	**$11.9 million**

Source: California Energy Commission

[18] Based on 653 lbs of CO_2e/MWh and 11.69 lbs of CO_2e/therm.

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. While 578 projects are still at various stages of completion, a total of 139 projects have been completed with year 5 funding of $28 million, including utility incentives and district funding, at 38 community college districts. ~~with year 5 funding of $28 million, supporting 139 energy projects.~~ This investment is projected to result in annual savings of 11.6~~5~~ million kilowatt-hours of electricity and 328,000 gas therms, resulting in more than $1.8 million in annual energy cost savings and $1.2 million in one-time energy incentives at Community Colleges. Comparing energy use data from 2016-17 to baseline data from 2012-13 indicates that system-wide energy use has declined by 6 percent across the state. Table 3-3 shows the annual system-wide energy usage and savings for the Community College system.

Table 3-3: Community Colleges Annual Energy Usage and Savings Totals

Fiscal Year	Annual Electricity KWH Usage	Annual Natural Gas Therm Usage	Percent Reduction of Baseline Year
2012-2013	768,088,001	25,436,147	Baseline Year
2013-2014	786,319,020	24,632,758	-4.54%
2014-2015	689,649,628	19,903,109	-7.93%
2015-2016	628,994,940	18,054,727	-7.85%
2016-2017	685,600,965	21,212,252	-6.00%

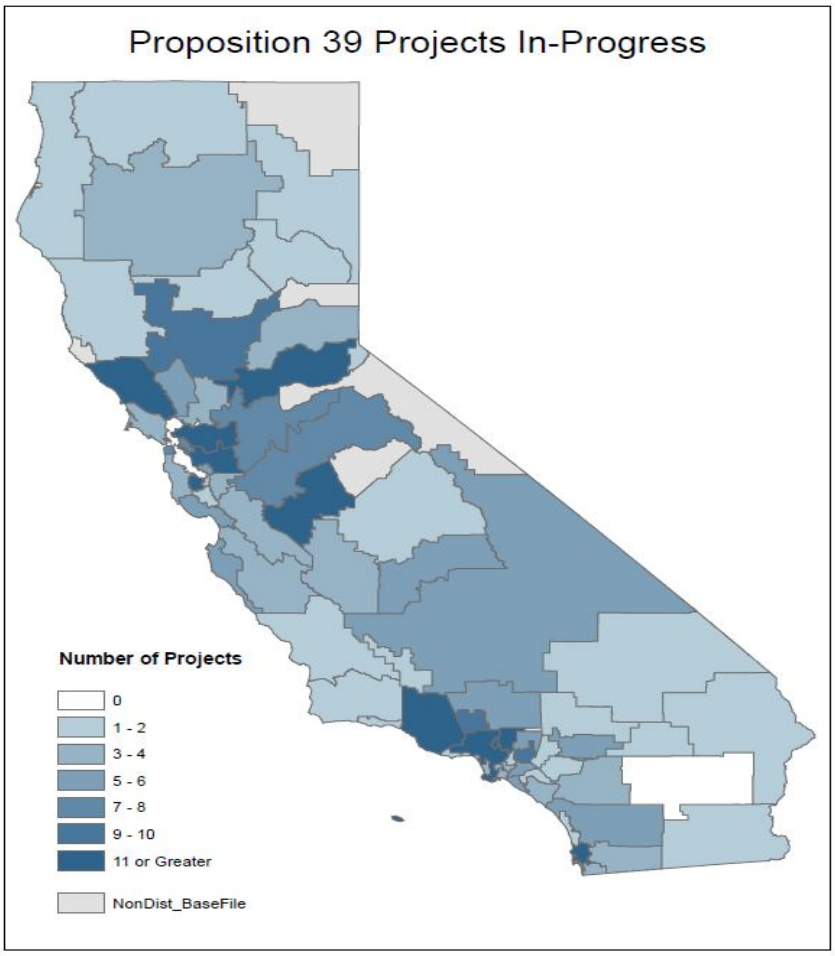
~~While 578 projects are still at various stages of completion, a total of 139 projects have been completed at 38 community college districts~~. As shown in Figure 3-3, there are projects in process at all 72 community college districts in California.

California Community Colleges Board of Governor's Sustainability and Energy Awards

The California Community Colleges Board of Governors established the Energy and Sustainability Awards in 2012 to honor leaders and exemplary energy and sustainability efforts. The awards are presented each year to recognize the ongoing efforts of community colleges to achieve environmental sustainability. The award categories recognize Excellence in Energy and Sustainability for Proposition 39 Projects, Faculty/Student Initiatives, and Sustainability Campion. The 2018 award winners include projects and faculty throughout the state, including Coast Community College District, Peralta Community College District, Shasta-Tehama-Trinity Joint Community College District, Orange Coast College, and Butte College.[19]

[19] For more information, see: http://californiacommunitycolleges.cccco.edu/Portals/0/DocDownloads/PressReleases/JAN2019/PR-ENERGY-AWARDS-1-22-19.pdf

Figure 3-3: Community College District Number of Projects in-Progress by County for 2017-18



Source: California Community Colleges Chancellors Office

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, 2018 35 ECCA-Ed Loans were approved by the Energy Commission totaling $57.8 million. ~~, with~~ Of the 35 approved loans, 30 represent completed projects ~~representing~~ totaling $50.3 million of funding. Of this $50.3 million, approximately $47 million was disbursed to loan recipients, with the remaining $3.2 million funding new loans. Table 3-4 provides an overview of program loans and associated status. To date, all loan borrowers have met their loan obligations.

Table 3-4: ECAA-Ed Financing Loan Status Overview as of June 30, 2018

Loan Status	# of Loans	Loan Funds Approved *(in millions)*
Loans with Final Project Completion Reports	24	$34.5
Completed Loan Projects (Final Reports still due)	6	$12.5
Loans Still in Construction	5	$0
Totals	35	$47

Source: California Energy Commission

Loan recipients are required to report post-installation energy consumption and project savings 12 months after project completion. 24 loan recipients submitted post-installation reports, and the reported total annual energy savings were 15.1 million kWh and 8,200 therms, which is equivalent to 4,980 tons of reduced greenhouse gas emissions. Reported energy savings are equivalent to the annual energy consumption of 2,103 homes, with an annual energy cost savings of $2.4 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. It did not receive funding in fiscal years 2015-16, 2016-17, or 2017-18.

As of June 30, 2018, 190 technical assistance requests were approved at 168 LEAs and community colleges, totaling over $3.2 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 3-5 shows the status and amount of related funding of those that received technical assistance.

Table 3-5: Bright Schools Program Technical Assistance Overview as of June 30, 2018

Technical Assistance (TA) Status	# of Program Participants	Amount Spent
Completed	~~168~~190	$2,663,761
In Progress	~~0~~5	N/A
Withdrawn	3	$28,225
Contractor Administration	N/A	$545,548
TOTALS	**~~171~~198**	**$3,237,540**

Source: California Energy Commission

The Bright Schools Program has identified energy measures at 343 school sites. The completed energy studies identified total annual energy savings of 28,626,000 kwh and 305,025 therms, which is equivalent to 11,129 tons of reduced greenhouse gas emissions. The identified energy savings is equivalent to the annual energy consumption of 4,738 homes, and the estimated annual energy cost savings is $4.6 million.

Workforce Training Grant Programs

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

The California Workforce Development Board (CWDB) has invested $13.3 million in program funds since 2014 to develop 12 construction pre-apprenticeship partnership programs throughout the state that bring together community, education, and workforce organizations to serve disadvantaged Californians.

These pre-apprenticeship pilot programs provide energy-efficiency focused workforce-training that prepare at risk youth, women, veterans, ex-offenders, and other disadvantaged job seekers 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 1,400 participants 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 the 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.[20]

California Conservation Corps' Energy Corps Training Program

The California Conservation Corps' (CCC) Energy Corps training program received Proposition 39 funding through June 30, 2018, and thereafter received funding through the Greenhouse Gas Reduction Fund (GGRF). The CCC provided a final report to the COB in March 2018. The CCC 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.

With CCEJA funding since 2013, the CCC trained 708 Corps members on how to conduct energy surveys and trained another 408 Corps members on how to perform energy efficiency retrofits. Altogether, the CCC completed 93 retrofit projects involving more than 124,000 lighting fixture replacements and more than 8,000 control retrofits that save schools more than 6.5 million kilowatt hours per year. In addition, the CCC 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).

In December 2018, CCC staff indicated that they were continuing to install energy efficient lamps, controllers, ballasts and other equipment purchased by LEAs with Proposition 39 funds; with GGRF covering labor costs.

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

---

[20] Additional information on the CWDB Proposition 39 training programs is available at: https://www.energy.ca.gov/efficiency/proposition39/citizens_oversight_board/meetings/2019-02-19/backup_materials/Item-7b_2019_CWDB_021919.pdf

and

https://www.energy.ca.gov/efficiency/proposition39/citizens_oversight_board/meetings/2019-02-19/backup_materials/Item-7a-Prop39TrainingReport_02-19-19.pdf

job training and workforce development projects. This amount totals $5.95 million for fiscal year 2017-18.

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 2017-18 academic year, the community college workforce program has distributed 1,908 certificates for completing 6-18 units, 5,620 certificates for completing 18 units or more, and 2,799 other degrees and certifications including industry apprenticeship certifications and Associate of Arts/Science degrees. Approximately 7,112 community college students statewide ~~have received certificates and degrees~~participated in these programs.

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 3-6, the California Workforce Development Board estimates that through the end of 2018, more than 19,812 total jobs have been created through the Energy Commission Local Educational Agency K-12 Proposition 39 Award Program.[21] This includes 8,702 direct jobs, 3,811 indirect jobs, and over 7,299 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.

[21] For more information, see: https://www.energy.ca.gov/efficiency/proposition39/citizens_oversight_board/meetings/2019-02-19/backup_materials/Item-7C_Prop39JobsReport021919.pdf

Table 3-6: Economic and Employment Impacts of Proposition 39 Grants Calculated through 2018

Proposition 39 grants **$1.5 billion (2016 dollars)**	**Economic Activity** **(2016 dollars)**	**Employment** **(number of jobs created)**
Direct Jobs (e.g. electricians installing new systems at schools)	$1.481 billion	8,702
Indirect Jobs (e.g. suppliers of energy equipment used in projects)	$711.3 million	3,811
Induced Jobs (e.g. workers in retail or restaurant industries who benefit from spending by direct workers)	$1.156 billion	7,299
Total	$3.349 billion	19,812

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

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 are 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 previous reports, and we are pleased to see how effective the Energy Commission has been informing 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 that the California Clean Energy Jobs Act creates 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 appropriation, 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.** 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.

2. **Support the ECAA-Ed revolving loan program,** which is one of the most fiscally-responsible energy programs in California, as a target for long-term funding. As noted in each of our reports, the performance of the ECAA-Ed and Bright Schools loan programs are extremely encouraged. 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.

3. **Provide direct support to the Workforce Development Board's Pre-Apprenticeship Program.** 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, the pre-apprenticeship pilots funded by this program have prepared more than 1,400 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 that continued funding for this program, potentially from cap and trade revenues, is worthwhile. We believe this will add value to *all* the state's energy efficiency programs, since the multi-craft pre-apprenticeship is a strong foundation for construction careers.

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 have applied 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 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 have 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 information about school buildings in specific geographic areas. We strongly recommend the Legislature appropriate $5 million to support an inventory of school facilities that leverages information collected through Proposition 39. Ideally, this information should be added to 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, with 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) for a third-party organization to review a cross-section of completed projects and provide a handbook, or manual, to schools across California that identifies the best opportunities for energy efficiency and self-generation projects and 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 by creating an informational "legacy" to inform future investments from new funding sources.

Appendices

APPENDIX A: ENERGY COMMISSION - PROPOSITION 39: CALIFORNIA CLEAN ENERGY JOBS ACT, K-12 PROGRAM AND ENERGY CONSERVATION ASSISTANCE ACT 2017-18 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 WORKFORCE DEVELOPMENT BOARD PROPOSITION 39 JOBS REPORTING METHODOLOGY AND INNOVATION REPORT

APPENDIX E: PREVIOUS REPORT FROM CALIFORNIA CONSERVATION CORPS STATUS OF PROPOSITION 39 FUNDED ENERGY CORPS PROGRAM

APPENDIX F: SENATE BILL 73: PROPOSITION 39 IMPLIMENTATION LEGISLATION

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

APPENDIX H: APRIL 12, 2018 LETTER FROM COB CHAIR GORDON AND VICE CHAIR GOLD TO COMMISSIONER SCOTT WITH RECOMMEDNATIONS FOR THE DEVELOPMENT OF THE SCHOOL BUS REPLACEMENT PROGRAM

APPENDIX I: PROPOSITION 39 K-12 ALLOCATIONS BY LEGISLATIVE DISTRICT

APPENDIX J: CALIFORNIA COMMUNITY COLLEGE ALLOCATIONS BY LEGISLATIVE DISTRICT