

California's Citizens Oversight Board

5th ANNUAL REPORT (DRAFT)

**Proposition 39 Clean Energy
Jobs Act Report to the
Legislature**



Gavin Newsom, Governor
March 2020

California's Citizens Oversight Board

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TABLE OF CONTENTS

	Page
Executive Summary.....	1
Recommendations.....	1
CHAPTER 1: The California Clean Energy Jobs Act and its Enduring Impact	3
Objectives of the California Clean Energy Jobs Act	4
Overview of the Original CCEJA Programs, Funding, and Timelines.....	5
SB 110 Program Changes for 2018 and Beyond	10
School Bus Replacement Program	12
ECAA-Ed Competitive Program	12
CHAPTER 2: Citizens Oversight Board Mandates, Meeting History, and Audit Progress.....	13
Mandates of the Citizens Oversight Board	13
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	14
CHAPTER 3: Proposition 39 Clean Energy Jobs Act Programs	19
Energy Project Grant Programs	19
California Energy Commission's Local Educational Agency K-12 Award Program.....	19
California Community Colleges Chancellor's Office Clean Energy Jobs Act Implementation	23
Loans and Technical Assistance Programs.....	24
California Energy Commission's Energy Conservation Assistance Act Education Subaccount	24
California Energy Commission's Bright Schools Program	24
Workforce Training Grant Programs	25
California Workforce Development Board Proposition 39 Pre-Apprenticeship Support, Training and Placement	25
California Conservation Corps' Energy Corps Training Program.....	27
California Community College Workforce and Economic Development Program.....	27
Proposition 39 Job Creation	27
SB 110 Proposition 39 Programs	29
ECAA-Education Competitive Loan Program.....	29
School Bus Replacement Program	29
CHAPTER 4: Overall Findings and Recommendations	31
Findings.....	31
Recommendations.....	32
Appendices	35

LIST OF FIGURES

	Page
Figure 1-1: Timeline of Original Proposition 39 K-12 Program	11
Figure 3-1: Proposition 39 K-12 Program Overall Funding Status as of June 30, 2019.....	20
Figure 3-2: Local Educational Agencies Participation by County as of June 30, 2019.....	21
Figure 3-3: Distribution of School Bus Replacement Recipients	30

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	8
Table 1-3: Cumulative Summary of Community College Final Project Reports	10
Table 2-1: 2019 Program Audit Total Completed Projects	15
Table 2-2: Prop 39 Recovery Status of SCO's Audit Findings for LEAs	17
Table 3-1: Cumulative Summary of Final Project Completion Reports	22
Table 3-2: Community Colleges System-wide Energy Usage and Savings.....	23
Table 3-3: ECAA-Ed Financing Loan Status Overview as of June 30, 2019	24
Table 3-4: Bright Schools Program Technical Assistance Overview as of June 30, 2019	25
Table 3-5: Economic and Employment Impacts of Proposition 39 Grants Calculated through 2018	28

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.

Implementation of the California Clean Energy Jobs Act occurred through interconnected 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 included:

- 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 California Clean Energy Jobs Act was designed to last for five years, through June 30, 2018. All energy efficiency and renewable energy projects funded by Proposition 39 must be complete by June 30, 2020, and all final project reports, including energy savings data, must be submitted by September 30, 2021.

The Citizens Oversight Board is pleased to present this report to the California Legislature, which documents the continuing and measureable energy and cost savings results from completed and in-progress projects and the increased volume and geographic diversity of projects throughout the state. 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, 2018 through June 30, 2019.

In 2017, Senate Bill 110 (Committee on Budget and Fiscal Review, Chapter 55, Statutes of 2017), modified the California Clean Energy Jobs Act to establish 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. After June 30, 2018, any remaining Proposition 39 K-12 funds were reallocated to support these programs. SB 110 also required that any future Proposition 39 funding must be provided through direct legislative appropriation.

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 both progress and impediments in the program as a whole.

In brief, we believe the program has been a success across multiple categories: energy savings, job creation, 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 so that school energy improvements continue to help meet California's energy and climate goals.

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

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

The Board is also encouraged by the significant progress realized to date through the School Bus Replacement Program, created through SB 110 and supported by the reallocation of \$75 million in remaining Proposition 39 K-12 funds. The program received over 200 applications requesting replacement of more than 1,600 diesel school buses with battery-electric school buses throughout California. We believe the emissions reductions and associated health benefits associated with the School Bus Replacement Program investments are significant and recommend the Legislature continue to appropriate funding to support the School Bus Replacement Program.

Finally, funding to support the continuation of Citizens Oversight Board operations, independent audits of the Clean Energy Jobs Fund and selected projects, and annual evaluations to the Legislature should also be considered.

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 (COB) is pleased to present its fifth 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, 2018, until June 30, 2019, the Citizens Oversight Board considers the objectives of energy efficiency and clean energy jobs when determining our recommendations and conclusions regarding the CCEJA.

The appendices include information received from the California Energy Commission, the California Community Colleges Chancellor's Office, and the California Workforce Development Board, used to develop this report.² Additionally, the appendices include the Proposition 39 implementation legislation, and more recent legislation modifying the program. Finally, the appendices include Proposition 39 K-12 allocations by legislative district, to demonstrate that although direct funding for projects has ceased, project construction is ongoing and project benefits continue to increase throughout the state.

This report and all appendices are also available publicly on the [Energy Commission's Citizens Oversight Board website](#).

¹ California Secretary of State. Statement of Vote: November 6, 2012 General Election. 2012. [Statewide Results for Proposition 39](https://elections.cdn.sos.ca.gov/sov/2012-general/ssov/ballot-measures-summary-by-county.pdf), <https://elections.cdn.sos.ca.gov/sov/2012-general/ssov/ballot-measures-summary-by-county.pdf>.

² The California Conservation Corps' (CCC) Energy Corps training program received Proposition 39 funding through June 30, 2018, and the CCC provided a final report to the COB in March 2018.

Objectives of the California Clean Energy Jobs Act

The main objectives of the CCEJA are laid out in the California Public Resources Code,³ which states that the program is intended to achieve the following:

- 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.
- 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:

- [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; and
- [Assembly Bill 2227 \(Quirk, Chapter 683, Statutes of 2014\)](#): Subsequent legislation on CCEJA Citizens Oversight Board implementation

³ [California Public Resources Code § 26201](https://california.public.law/codes/ca_pub_res_code_section_26201), https://california.public.law/codes/ca_pub_res_code_section_26201.

The California Energy Commission (Energy Commission)⁴ and the California Community Colleges Chancellor's Office⁵ also adopted regulatory guidelines to help meet program objectives.

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 Conservation Corps,⁶ and the California Workforce Investment Board⁷ developed annual reports on their progress implementing CCEJA programs. These reports were submitted to the Citizens Oversight Board for review and approval at the first Citizens Oversight Board meeting, held in February of each year. The Citizens Oversight Board evaluated and summarized the information for inclusion into its annual report to the Legislature, along with findings and recommendations. The agency reports are included as appendices to the Citizens Oversight Board report.

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

4 Bucaneg, Haile, Pierre duVair, Cheng Moua, Justin Regnier, Keith Roberts, Elizabeth Shirakh, Joseph Wang. 2014. *Proposition 39: California Clean Energy Jobs Act- 2015 Program Implementation Guidelines*. California Energy Commission. Publication Number: CEC-400-2014-022-CMF. [Link to Proposition 39: California Clean Energy Jobs Act – 2015 Implementation Guidelines](https://www2.energy.ca.gov/2014publications/CEC-400-2014-022/CEC-400-2014-022-CMF.pdf) <https://www2.energy.ca.gov/2014publications/CEC-400-2014-022/CEC-400-2014-022-CMF.pdf>.

5 California Community Colleges Chancellor's Office. Revised 2014. *California Community Colleges Proposition 39 Implementation Guidelines*. 2014. [Link to California Community Colleges Proposition 39 Implementation Guidelines](https://www.cccco.edu/-/media/CCCCO-Website/About-Us/Divisions/College-Finance-and-Facilities-Planning/Programs/Sustainability/REVISED-Prop-39-Guidelines-Addendum-JAN-2014-FINAL.ashx?la=en&hash=A2E71CAF7CF5D0F60C1C01E9CE52E79F80517A01) <https://www.cccco.edu/-/media/CCCCO-Website/About-Us/Divisions/College-Finance-and-Facilities-Planning/Programs/Sustainability/REVISED-Prop-39-Guidelines-Addendum-JAN-2014-FINAL.ashx?la=en&hash=A2E71CAF7CF5D0F60C1C01E9CE52E79F80517A01>.

6 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.

7 The California Workforce Development Board (CWDB) received Proposition 39 funding through June 30, 2018, and thereafter received funding through SB 1 and the Greenhouse Gas Reduction Fund (GGRF). The CWDB provided a final job creation and training report to the COB in February 2020.

- **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 was 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, beginning in fiscal year 2013-14 and ending in fiscal year 2017-18. There were no additional appropriations for the Proposition 39 programs after Fiscal Year 2017-2018.

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 - *\$37.5 2015/16 - *\$38.7 2016/17 - *\$49.3 2017/18 - \$46.5
Energy Conservation Assistance Act Education Subaccount (ECAA-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 ECAA-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

Source: Citizens Oversight Board

As noted above, the Community College job training and workforce development programs were not directly funded, but rather 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 was funded by a percentage of Pre-Apprenticeship training and placement grants. Finally, staff support for the Citizens Oversight Board and funding to perform CCEJA program audits were not funded directly by Proposition 39, but rather 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 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	Program totals as of June 2019
Number of Completed EEPs	17	52	174	292	522
Spending					
Total Gross Project Cost	\$8.6 million	\$34 million	\$116 million	\$190 million	\$367 million
Total P-39 Share	\$6.2 million	\$27 million	\$97 million	\$153 million	\$318 million
Leveraged Funding	\$2.4 million	\$7 million	\$19 million	\$37 million	\$49 million
Energy Savings					
kWh Savings	3,005,227	13,804,252	42,820,936	63,925,295	125,712,267
Therm Savings	3,352	54,641	146,126	225,828	344,789
GHG emissions reduction	1,056 tons	5,080 tons	15,624 tons	22,191 tons	43,060 tons
Savings-to-investment ratio (SIR)	1.26	1.44	1.36	1.36	1.37

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. Between June 2018 and June 2019, the number of completed EEPs increased by another 230, representing an increase of 79% for that 12-month period. Cumulatively, between December 2015 and June 2019, the total number of completed EEPs increased by over 2970%.

The energy savings associated with these EEPs also increased dramatically, from 3,005,227 kilowatt-hours (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. Between June 2018 and June 2019, the total kWh savings increased by another 97% for that 12-month period, to 125,712,267 kWh saved. Cumulatively, between December 2015 and June 2019, the total number of kWh savings increased by over 4,080%.

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. Between June 2018 and June 2019, GHG savings increased from 22,191 tons to 43,060 tons, representing an increase in GHG savings of over 94% for that 12-month period. Cumulatively, between December 2015 and June 2019, the total amount of GHG savings increased by over 3,900%.

Table 1-3 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 108 to 260, with the additional 152 representing an increase of over 140%. Between June 2016 and June 2017, the number of completed projects increased from 260 to 384; the additional 124 projects represent an increase of an additional 48%. Between June 2017 and June 2018, the number of completed projects increased from 384 to 534; the additional 150 projects represent an increase of an additional 39%. Between June 2018 and June 2019, the number of completed projects increased from 534 to 818; the additional 284 projects represent an increase of an additional 53%. Cumulatively, between December 2015 and June 2019, the total number of completed projects at the Community Colleges increased by 657%.

The energy savings associated with completed projects in the community college system also increased dramatically, from 14,920,769 kWh saved in December 2015 to 31,170,157 kWh saved in June 2016, representing an increase of approximately 109%. Between June 2016 and June 2017, the total kWh savings increased by another 28%, to 39,995,939 kWh saved. Between June 2017 and June 2018, the total kWh savings increased by another 31%, to 52,576,014 kWh saved. Between June 2018 and June 2019, the total kWh savings increased by another 71%, to 90,077,554 kWh saved. Cumulatively, between December 2015 and June 2019, the total number of kWh savings increased by almost 504%.

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	Program totals as of 2019
Number of closed-out projects	108	260	384	534	818
Spending					
Total Gross Project Cost	\$ 25.6 million	\$ 56.3 million	\$ 74.0 million	\$ 104.7 million	\$ 207.5 million
Total P-39 Share	\$ 17.7 million	\$ 36.4 million	\$ 49.5 million	\$ 74.5 million	\$ 142.4 million
Total Leveraged Funding with incentives	\$ 3.5 million	\$ 6.2 million	\$ 7.7 million	\$ 9.2 million	\$ 13.6 million
Energy Savings					
kWh Savings	14,920,769	31,170,157	39,995,939	52,576,014	90,077,554
Therm Savings	175,042	315,790	567,906	895,909	1,484,265

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.

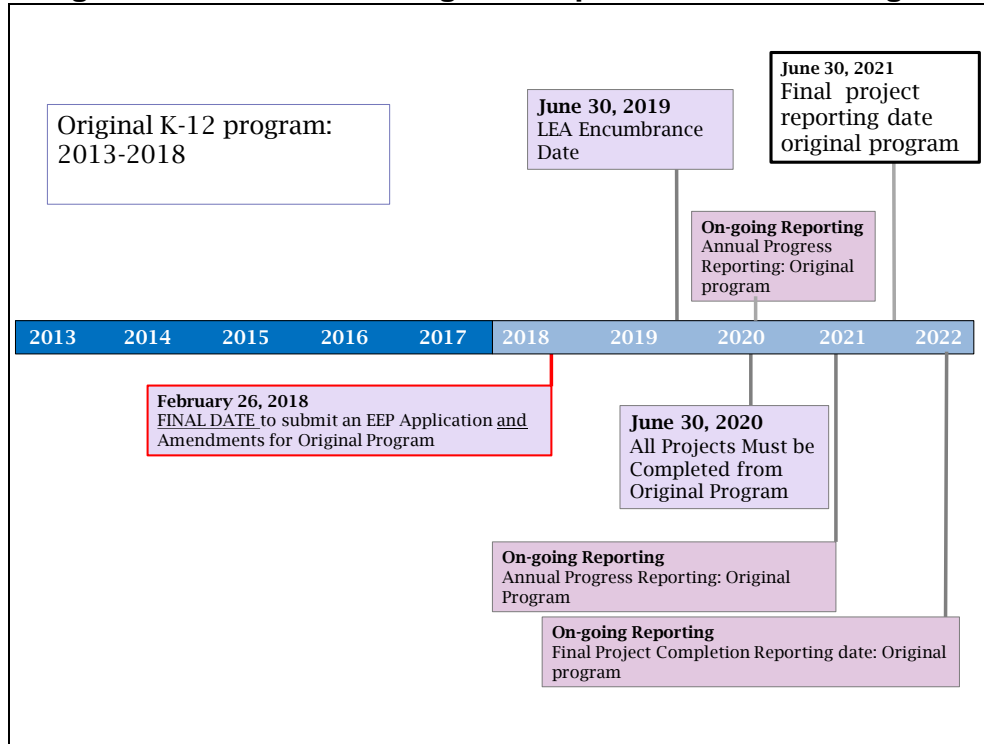
In 2017, several LEAs expressed concern with the program schedule, noting that it effectively limited the availability of program funds to four years. In response to these concerns, the Legislature approved Senate Bill 110 (SB 110) (Committee on Budget and Fiscal Review, Chapter 55, Statutes of 2017), 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 and loan 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.

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



Source: California Energy Commission

SB 110 required the Energy Commission to report on 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 a K-12 Competitive Grant Program.

Commencing with the 2018-19 Fiscal Year, SB 110 required the Legislature to appropriate any additional funding for the Clean Energy Job Creation Program through the annual budget process. However, no additional funding allocations were provided by the Legislature after the 2017-18 fiscal year. If the Legislature provides additional funding in the future, SB 110

requires that eleven percent be allocated to the community college districts, and remaining funds be allocated to LEAs.⁸

School Bus Replacement Program

SB 110 established the School Bus Replacement Program to replace the oldest diesel school buses or those operating in disadvantaged and low-income communities with battery-electric, and gave priority 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 at a COB meeting in March 2018. The COB discussed the program options and provided recommendations to Energy Commission. The \$75 million allocation from Proposition 39 funding supports the purchase of battery-electric school buses in four regions: Northern California, Central California, Southern California, and Los Angeles County. In addition, nearly \$14 million in Clean Transportation Program funds is available to provide the necessary charging infrastructure to operate the buses. Finally, the California Energy Commission is providing \$1 million in Clean Transportation Program funds for workforce training and development, which includes collaborating with local community colleges to develop curricula for school districts that were awarded electric school buses. For more information on the School Bus Replacement Program, see Chapter 3.

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, with up to approximately \$36 million in funding available. For more information on the ECAA-Ed Competitive Loan Program, see Chapter 3.

⁸ SB 110 requires that any future allocations to LEAs 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.

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 ex-officio (non-voting) members to serve on the board. Currently the board has six members and three vacancies.

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.

⁹ Public Resources Code Sections 26210-26217. [Link to PRC Section 26210](#), [Link to PRC Section 26211](#), [Link to PRC Section 26212](#), [Link to PRC Section 26213](#), [Link to PRC Section 26214](#), [Link to PRC Section 26215](#), [Link to PRC Section 26216](#), [Link to PRC Section 26217](#).

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

2019

- February 19, 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 21, 2019: The Citizens Oversight Board met to approve the fourth annual report to the Legislature.
- July 24, 2019: The Citizens Oversight Board met to review and approve the Program and Financial Audit from the State Controller's Office. The Board also received updates on the School Bus Replacement Program and the ECAA-Ed Competitive Program authorized by SB 110.

2020

- February 13, 2020: 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 17, 2020: The Citizens Oversight Board met to approve the fifth annual report to the Legislature.

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 Energy Job Creation Fund and Program Audits for the California Clean Energy Jobs Act (CCEJA) programs.¹¹ The Financial Audits review the balance sheet and related statement of appropriations, expenditures, and changes in the fund balance to ensure that the financial

¹⁰ [Link to agendas, minutes, and transcripts of the board meetings](http://www.energy.ca.gov/efficiency/proposition39/citizens_oversight_board/meetings/)
http://www.energy.ca.gov/efficiency/proposition39/citizens_oversight_board/meetings/.

¹¹ [Link to COB audits and other materials](https://www.energy.ca.gov/efficiency/proposition39/citizens_oversight_board/documents/) https://www.energy.ca.gov/efficiency/proposition39/citizens_oversight_board/documents/.

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 2019 Financial Audit¹² of the Clean Energy Job Creation Fund noted that implementation of the Financial Information System for California (Fi\$Cal), which provides a statewide accounting, budget, cash management information technology (IT) system, created significant challenges and delays at both the California Conservation Corps and the Community Colleges Chancellor's Office. This, in turn, delayed year-end reconciliations and affected the ability to finalize FY 2017-2018 accounting records and provide supporting documentation. Both agencies sought assistance to resolve Fi\$Cal issues.

The CCEJA Program Audit issued in July 2019¹³ (2019 Program Audit) covered the period from July 1, 2017, through June 30, 2018. The 2019 Program Audit focused on completed projects to determine if they were consistent with the Code and adopted program guidelines.

Table 2-1: 2019 Program Audit Total Completed Projects

Agency Type	Completed Project Costs	Number of Agencies
Local Educational Agencies (LEAs)	\$63,057,214	114
Community College Districts (CCDs)	\$22,462,119	37
Total	\$85,519,333	151

Source: Citizens Oversight Board

¹² [Link to 2019 Financial Audit of the CCEJA](https://ww2.energy.ca.gov/efficiency/proposition39/citizens_oversight_board/documents/2019_Financial_Audit_of_the_Clean_Energy_Job_Creation_Fund.pdf)

https://ww2.energy.ca.gov/efficiency/proposition39/citizens_oversight_board/documents/2019_Financial_Audit_of_the_Clean_Energy_Job_Creation_Fund.pdf

¹³ [Link to the 2019 Program Audit of the CCEJA](https://ww2.energy.ca.gov/efficiency/proposition39/citizens_oversight_board/documents/2019_Program_Audit_of_the_Clean_Energy_Jobs_Act.pdf)

https://ww2.energy.ca.gov/efficiency/proposition39/citizens_oversight_board/documents/2019_Program_Audit_of_the_Clean_Energy_Jobs_Act.pdf

As shown in Table 2-1, as of June 30, 2018, 114 LEAs reported \$63,057,214 in completed project costs and 37 CCDs reported \$22,462,119 in completed project costs. From these completed projects, the SCO randomly selected a sample of 16 LEAs and three CCDs with a total of \$24,233,274 in completed project costs, representing approximately 28 percent of completed project costs.

Although the 2019 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 and three CCDs had sole-sourced portions of their project costs; 10 LEAs and three CCDs did not include projected energy savings in the awarded contracts; one LEA and one CCD spent Proposition 39 funds on ineligible expenditures; and five LEAs submitted final project completion reports after the deadline. 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, 2018, and 2019 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, see the [link to the audit appeal process](http://eaap.ca.gov/) <http://eaap.ca.gov/>.

¹⁵ For more information regarding Proposition 39 recovered funds, see the [Consolidated Entitlement Schedule](https://www.cde.ca.gov/fg/aa/ca/prop39ccej.asp) <https://www.cde.ca.gov/fg/aa/ca/prop39ccej.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	Finding was waived through the summary review.
Napa Valley Unified₁	July 2018	\$399,035	\$57,541	\$399,341	Summary Review upheld finding, Formal appeal is pending.
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.
El Monte City	June 2019	\$3,819	\$0	\$3,819	The invoice is outstanding.
High Tech High Charter	June 2019	\$50,000	\$0	\$50,000	The invoice is outstanding.
Mark Twain Union Elementary	June 2019	\$16,368	\$0	\$16,368	Finding was waived through the summary review.
Oceanside Unified	June 2019	\$45,449	\$0	\$45,449	The invoice is outstanding.

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
Venture Academy Charter	June 2019	\$26,447	\$0	\$26,447	The invoice is outstanding.
West Covina Unified	June 2019	\$2,027,653	\$8,075	2,027,653	Summary Review upheld finding, Formal appeal is pending
Yreka Union High	June 2019	\$20,257	\$0	\$20,257	Summary Review is pending.
Total		\$3,254,694	\$363,782	\$3,553,166	
<i>Napa Valley Unified: \$57,235 is included in both the findings for sole-source and for funds spent prior to the eligibility period (12/19/2013).</i>					

Source: California Department of Education

CHAPTER 3: Proposition 39 Clean Energy Jobs Act Programs

Energy Project Grant Programs

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

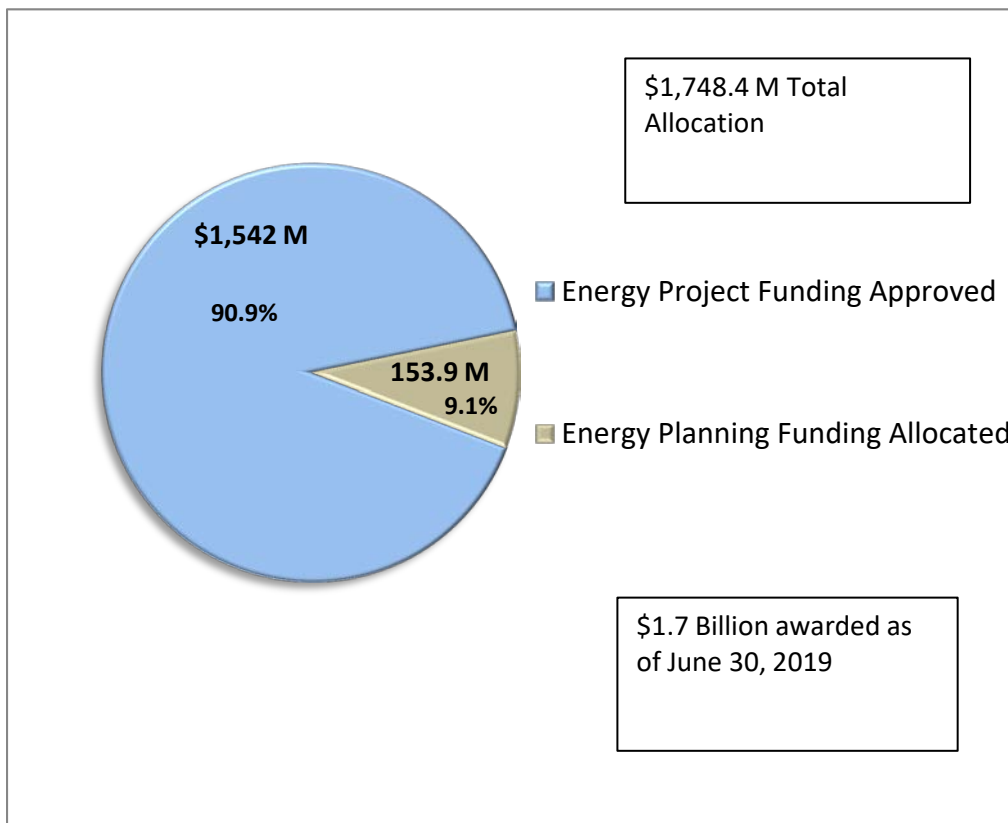
The most recent report from the California Energy Commission, recipient of the largest share of CCEJA funding, summarizes results from the start of the Prop 39 K-12 Program in December of 2013 through June 30, 2019. The Energy Commission provided guidelines and administration for the entire K-12 program and was primarily responsible for receiving, reviewing and approving energy expenditure plan (EEPs) applications submitted by eligible Local Educational Agencies (LEAs). Upon EEP approval, the Energy Commission notified the California Department of Education, which then distributed funding on a quarterly basis.

As of June 30, 2019, the California Department of Education reported 2,189 eligible K-12 LEAs in California--these include public school districts, charter schools, three state special schools (e.g. schools for the deaf and blind),¹⁶ and county offices of education. As of June 30, 2019, a total of 1,750 LEAs participated in the program. Together, those 1,750 LEAs submitted 2,121 EEPs for energy efficiency and renewable energy projects at 7,189 school sites, for \$1.542 billion of program funding. An additional \$153.9 million supported project planning. Overall funding is shown in Figure 3-1.

Because no additional funding allocations were provided from the Legislature after the 2017-18 fiscal year, no new EEPs were approved after June 30, 2018. Any modifications to EEPs after June 30, 2018 resulted from modifications to existing approved EEPs, the closure of LEAs, or other adjustments to existing funding.

16 California Department of Education, [Link to State Special Schools information](https://www.cde.ca.gov/sp/ss/) https://www.cde.ca.gov/sp/ss/.

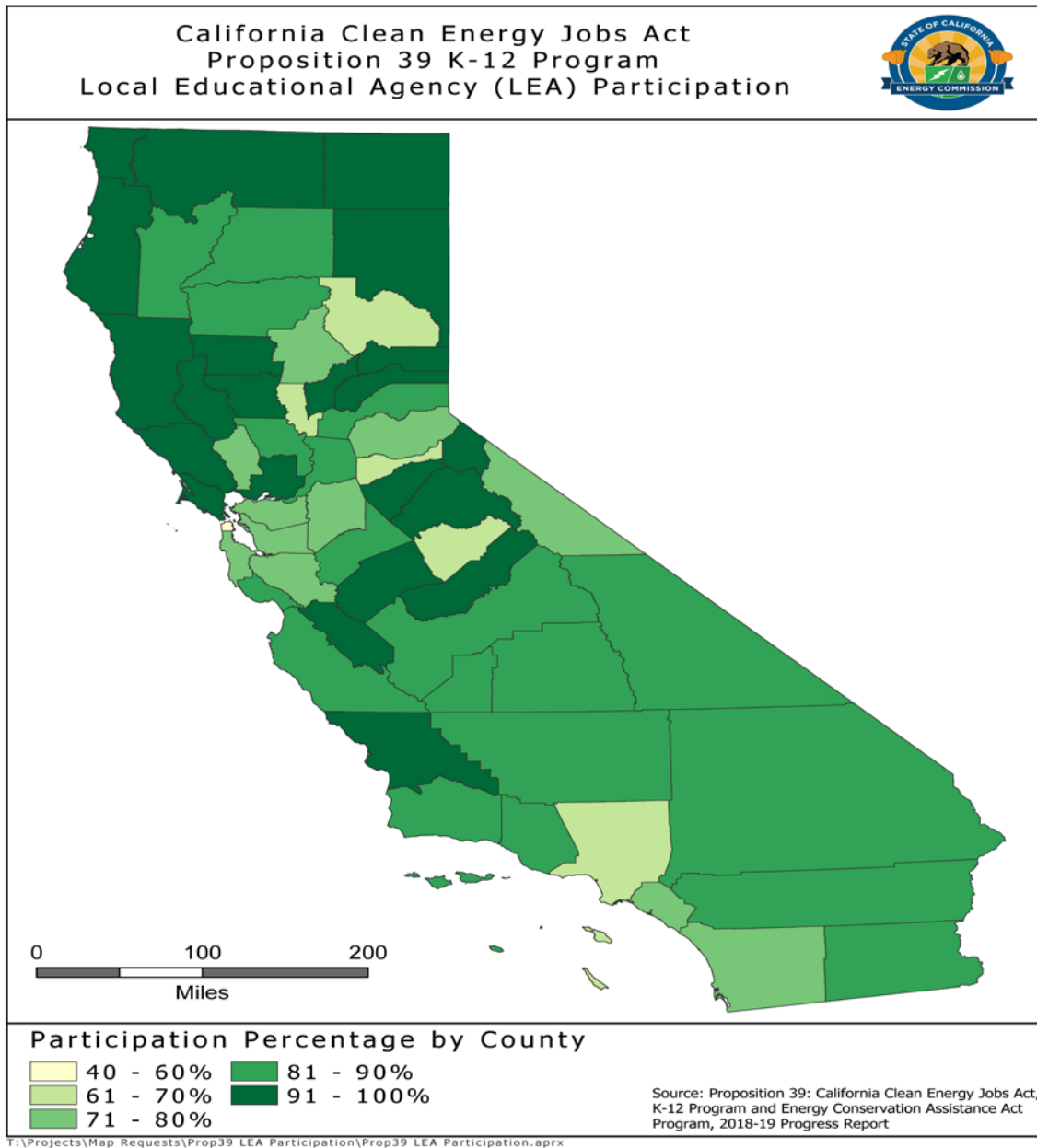
Figure 3-1: Proposition 39 K-12 Program Overall Funding Status as of June 30, 2019



Source: California Energy Commission

K-12 participation in the program was 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 – 22 counties had an LEA participation rate between 91-100%, 19 counties had an LEA participation rate between 81-90%, 11 counties had an LEA participation rate between 71-80%, five counties had an LEA participation rate between 61-70%, and one county had an LEA participation rate of 40-60%.

Figure 3-2: Local Educational Agencies Participation by County as of June 30, 2019



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 3-1, from the program launch through June 30, 2019, LEAs completed their EEPs and submitted 522 final project completion reports. These completed EEPs represent

\$367 million in gross project costs. Of this amount, the Proposition 39 K-12 Program provided roughly \$318 million in grant funds, and LEAs contributed the remaining \$49 million in leveraged funding. The reported annual saved energy usage for these completed projects is 125,712,267 kWh and 344,789 therms, which is equivalent to roughly 43,060 tons of greenhouse gas emissions¹⁷ reduction.

Analyses of these reports show that the combined savings-to-investment ratio (SIR) for these 292 projects is \$1.37 in returns for every \$1.00 invested.

Table 3-1: Cumulative Summary of Final Project Completion Reports

	Previous Report (as of June 2016)	Previous Report (as of June 2017)	Previous Report (as of June 2018)	Previous Report (as of June 2019)
Number of Completed EEPs	52	174	292	522
Spending				
Total Gross Project Cost	\$34 million	\$116 million	\$190 million	\$367 million
Prop. 39 Share	\$27 million	\$97 million	\$153 million	\$318 million
Leveraged Funding	\$7 million	\$19 million	\$37 million	\$49 million
Energy Savings				
kWh Savings	13,804,252	42,820,936	63,925,295	125,712,267
Therm Savings	54,641	146,126	225,828	344,789
GHG emissions reduction	5,080 tons	15,624 tons	22,191 tons	43,060 tons
Savings-to-investment ratio (SIR)	1.44	1.36	1.36	1.37
Total Cost Savings	\$2.4 million	\$7.8 million	\$11.9 million	\$23.4 million

Source: California Energy Commission

17 Based on 653 lbs of CO₂e/MWh and 11.69 lbs of CO₂e/therm.

California Community Colleges Chancellor’s Office Clean Energy Jobs Act Implementation

The Community Colleges Chancellors Office used the CCEJA to support energy projects throughout the state. While no new funds were allocated to the Community Colleges Chancellor’s Office since fiscal year 2017-18, the program continues to gather data and close out projects. In 2018-19, a total of 284 projects were completed for a total project cost of \$102.8 million, including utility incentives and district funding, at 60 community college districts. This investment is projected to result in annual savings of 37.5 million kWh of electricity and 588,000 gas therms, resulting in almost \$5.8 million in annual energy cost savings and \$4.44 million in one-time energy incentives at Community Colleges. Comparing energy use data from 2017-18 to baseline data from 2012-13 indicates that system-wide energy use has declined by just over 6 percent across the state. Table 3-2 shows the system-wide energy usage and savings for the Community College system since the program started in fiscal year 2012-13.

Table 3-2: Community Colleges System-wide Energy Usage and Savings

Fiscal Year	Average British Thermal Units Per Gross Square Foot Per Week	Percent Reduction of Baseline Year
2012-2013	1,606	Baseline Year
2017-2018	1,508	-6.10% from Baseline Year

Source: California Community College Chancellor’s Office

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 Champion. The 2019 award winners include projects and faculty throughout the state, including North Orange County Community College District, Chaffey Community College District, Victor Valley Community College District, Saddleback College, and DeAnza College.¹⁸

¹⁸ For more information, see the [Link to the California Community College Board of Governors Honors Districts for Sustainability Efforts Webpage](https://www.cccco.edu/About-Us/News-and-Media/Press-Releases/2020-Energy-Awards-PR) <https://www.cccco.edu/About-Us/News-and-Media/Press-Releases/2020-Energy-Awards-PR>.

Loans and Technical Assistance Programs

California Energy Commission's Energy Conservation Assistance Act Education Subaccount

The ECAA loan program has existed since 1979, providing loans totaling approximately \$442 million to 882 entities, and technical assistance since 1982. In 2013, the Energy Conservation Assistance Act – Education (ECAA-Ed) was established within the ECAA program exclusively for K-12 schools. Both ECAA and ECAA-Ed have been highly successful and well received. The ECAA-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, 2019 the Energy Commission approved 35 ECAA-Ed Loans totaling \$57.8 million, using \$50.5 million originally allocated to the loan program and \$7.3 million in loan repayment funds. Of the \$57.8 million in approved funds, only \$52.3 in loan funds were spent. Of the 35 approved loans, 28 represent completed projects totaling \$43.1 million of funding, while three projects totaling \$4.8 million had final reports due after June 30, 2019. An additional four projects totaling \$4.4 million are in construction. Table 3-3 provides 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, 2019

Loan Status	# of Loans	Loan Funds Approved (in millions)
Loans with Final Project Completion Reports	28	\$43.1
Completed Loan Projects (Final Reports due after 6/30/19)	3	\$4.8
Loans Still in Construction	4	\$4.4
Totals	35	\$52.3

Source: California Energy Commission

Loan recipients are required to report post-installation energy consumption and project savings 12 months after project completion. Twenty-eight loan recipients submitted post-installation reports, and the reported total annual energy savings were 21.5 million kWh and 15,286 therms, which is equivalent to 7,114 tons of reduced greenhouse gas emissions.

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, 2019, 200 technical assistance requests were approved, totaling over \$3.3 million. The average cost for a technical assistance request was \$16,500, with a limit of \$20,000 per request. Eighty Bright Schools Program energy audit reports were successfully used to support Proposition 39 K-12 energy expenditure plans.

Table 3-4 shows the status and amount of related funding for schools that received technical assistance energy studies.

Table 3-4: Bright Schools Program Technical Assistance Overview as of June 30, 2019

Technical Assistance (TA) Status	# of Program Participants	Amount Spent
Completed	195	\$2,750,156
In Progress	2	N/A
Withdrawn	3	\$28,225
Contractor Administration	N/A	\$552,818
TOTALS	200	\$3,331,199

Source: California Energy Commission

The completed energy studies identified total annual energy savings of 28,626 MWh and 305,025 therms, which is equivalent to 11,129 tons of reduced greenhouse gas emissions.

Workforce Training Grant Programs

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

The California Workforce Development Board (CWDB) invested \$13.3 million in Proposition 39 program funds from 2014 through June 30, 2018 to develop 12 construction pre-apprenticeship programs throughout the state that each bring together labor, community, education, and workforce organizations in a partnership to serve disadvantaged Californians. These pre-apprenticeship pilot programs advanced equity by providing energy-efficiency focused workforce-training and coordinating a range of supportive services to prepare at risk youth, women, veterans, ex-offenders, and other disadvantaged job seekers apply for, enter, and successfully complete a state-registered building trade apprenticeship program. This

program was 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.¹⁹

Using the National Building Trades Multi-Craft Core Curriculum (MC3), the 12 partnerships have prepared participants for a bright future by providing an industry-valued credential (the MC3 certificate) and connecting them with a state registered apprenticeship program for the next step in their construction careers. According to the CWDB, over 2,700 individuals were enrolled in the pre-apprenticeship program, and ten of the 12 pre-apprenticeship training programs exceeded their enrollment targets, and the others reached 90-95% of their target. The programs also sustained high graduation rates – approximately 78%, or nearly 2,100 individuals completed training and earned the MC3 certificate.²⁰ After program completion, approximately 79%, or 1,660 pre-apprenticeship graduates, found meaningful placement opportunities as follows:

- State-registered apprenticeship: 41% (683)
- Construction or energy-efficiency specific employment: 23% (372)
- Post-secondary education: 10% (166)
- Other employment: 26% (439)

Building on the success of the pre-apprenticeship training program developed under Proposition 39 and the ongoing need to develop a skilled and diverse workforce in California, the Road Repair & Accountability Act of 2017 (Senate Bill 1, or SB 1) directed and funded the CWDB to scale-up workforce development statewide through the High Road Construction Careers (HRCC) initiative. Specifically, SB 1 mandated the CWDB to: (1) develop guidelines for local agencies to “participate in, invest in, or partner with” construction pre-apprenticeship programs and (2) establish a pre-apprenticeship program statewide with \$25 million in SB 1 funding. In addition, the Legislature appropriated \$10 million from the Greenhouse Gas Reduction Fund (GGRF) in Fiscal Year 2019-20 for the HRCC initiative.²¹

19 California Energy Commission, [Link to additional information on the CWDB Proposition 39 training programs](https://ww2.energy.ca.gov/efficiency/proposition39/citizens_oversight_board/meetings/2019-02-19/backup_materials/Item-7b_2019_CWDB_021919.pdf) https://ww2.energy.ca.gov/efficiency/proposition39/citizens_oversight_board/meetings/2019-02-19/backup_materials/Item-7b_2019_CWDB_021919.pdf.

and [Link to Proposition 39 Training Report](https://ww2.energy.ca.gov/efficiency/proposition39/citizens_oversight_board/meetings/2019-02-19/backup_materials/Item-7a-Prop39TrainingReport_02-19-19.pdf) https://ww2.energy.ca.gov/efficiency/proposition39/citizens_oversight_board/meetings/2019-02-19/backup_materials/Item-7a-Prop39TrainingReport_02-19-19.pdf.

20 California Workforce Development Board, *Building a Statewide System of High-Road Pre-Apprenticeship in California: Lessons from the California Clean Energy Jobs Act*, July 2019, pp. 3-4, [Link to Building a Statewide System of High Road Pre-Apprenticeship in California: Lessons from the Clean Energy Jobs Act](https://cwdb.ca.gov/wp-content/uploads/sites/43/2019/10/HRCC_Building-a-Statewide-System-of-High-Road-Pre-Apprenticeship-in-California_ACCESSIBLE.pdf) https://cwdb.ca.gov/wp-content/uploads/sites/43/2019/10/HRCC_Building-a-Statewide-System-of-High-Road-Pre-Apprenticeship-in-California_ACCESSIBLE.pdf.

21 CWDB is expected, but not guaranteed, to receive an additional \$40M from the GGRF over the next four budget years to support the HRCC initiative.

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. In February 2019, 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.

The CCC training program funded by Proposition 39 included 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) provided energy surveys and performed retrofit work for schools and public agencies in partnership with energy-efficiency firms. With funding from Proposition 39, the CCC trained 708 Corps members to conduct energy surveys and trained another 408 Corps members to perform energy efficiency retrofits. Altogether, from FY 2013-14 through FY 17-18, 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 kWh 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 provided detailed information about energy systems and energy use data and represent the largest data set of energy use and efficiency information about K-12 schools ever collected in California.

California Community College Workforce and Economic Development Program

The Community College Workforce and Economic Development Program received 12.8% of the California Community College Proposition 39 annual fund allocation for use in job training and workforce development projects. This amount totals more than \$27.9 million from fiscal year 2013-14 through fiscal year 2017-18.

The funds were 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 supported 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 2018-19 academic year, the community college workforce program has distributed 2,350 certificates for completing 6-18 units, 4,117 certificates for completing 18 units or more, and 887 other degrees and certifications including industry apprenticeship certifications. Another 1,619 students received Associate of Arts/science degrees. Approximately 8,973 community college students statewide participated in these programs.

Proposition 39 Job Creation

The California Clean Energy Jobs Act (CCEJA) created significant economic and fiscal benefits throughout the program. As shown in Table 3-5, the California Workforce Development Board

estimates that through the end of 2018, more than 19,812 total jobs were created through the Energy Commission’s K-12 Proposition 39 Award Program.²² This included 8,702 direct jobs, 3,811 indirect jobs, and over 7,299 induced jobs. Any funding changes after 2017-2018 were primarily a result of amendments or cancellations to existing EEPs, LEA closures, or other adjustments to existing funding. Because no additional funding allocations were distributed after the 2017-2018 fiscal year, the employment estimates through the end of 2018 remain unchanged. Nevertheless, the substantial investments from the K-12 program have 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 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

22 California Energy Commission, [Link to February 19, 2019 Proposition 39 Jobs Report](https://www.energy.ca.gov/efficiency/proposition39/citizens_oversight_board/meetings/2019-02-19/backup_materials/Item-7C_Prop39JobsReport021919.pdf)
https://www.energy.ca.gov/efficiency/proposition39/citizens_oversight_board/meetings/2019-02-19/backup_materials/Item-7C_Prop39JobsReport021919.pdf.

SB 110 Proposition 39 Programs

ECAA-Education Competitive Loan Program

The ECAA-Ed loan program with a zero percent interest rate began as a first-come, first-served program. In 2017, SB 110 (Budget Committee, Chapter 55, Statutes 2017) modified the ECAA-Ed program to a competitive solicitation process, with funding distributed by region, size of the local educational agency (LEA), student participation in the Free and Reduced Price Meals (FRPM) program, and projected project energy savings. The allocation for the ECAA-Ed Competitive Loan Program is from the remaining Proposition 39 program funds after full funding the School Bus Replacement Program, approximately \$38.5 million.

The ECAA-Ed Competitive Loan Program offers loans to those who apply through a competitive solicitation. The nature of the program requires LEAs to submit an application in accordance with current ECAA-Ed statute.

The first ECAA-Ed competitive solicitation, CEC PON-18-101, was released February 5, 2019, with a final application date of May 31, 2019. The CEC received 21 applications. After administrative screening and review, applications were technically reviewed, then scored and ranked based on the criteria established in SB110. Seven applications were recommended for funding, totaling \$6.7 million.

As not all funds were awarded, a second ECAA-Ed competitive solicitation, CEC PON-19-101, was recently released with a final application date of June 29, 2020. The funding distribution will remain the same--by region, size of the LEA, percent of student participation in the FRPM program, and projected project energy savings.

As with the first solicitation, the program will offer a pre-application workshop, accept both written questions and questions from the workshop, and provide answers and direction via a FAQ section on the CEC's Funding Website.

Though the funding was a one-time allocation, the ECAA-Ed Competitive Loan Program will continue with periodic solicitations as loans are repaid and funds are available.

School Bus Replacement Program

Senate Bill 110 appropriated the remaining funds from the Proposition 39 K-12 program to establish the School Bus Replacement Program at the Energy Commission. The bill provided one-time funding of \$75 million to replace older diesel powered school buses with battery-electric school buses in disadvantaged and low-income communities throughout California.

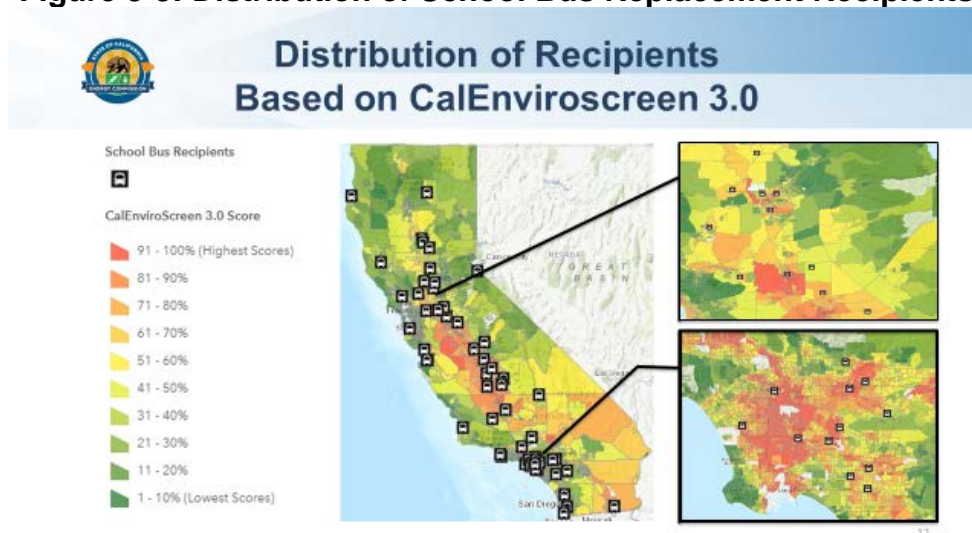
To allow a wider coverage of the program the funds were distributed between four regions in California: Northern California, Central California, Southern California, and Los Angeles County. Also, to take advantage of leverage funding, almost \$14 million in Clean Transportation Program funds were available to provide the necessary charging infrastructure schools would need to operate the buses. Also, \$1 million in Clean Transportation Program funds were set aside for workforce training and development to ensure proper maintenance of the buses and infrastructure in the years to come.

The California Energy Commission received more than 200 applications for more than 1,600 diesel school buses requested for replacement, some buses as old as 1978. From there individual buses were evaluated based on three factors: age of bus, applicant’s percentage of FRPM recipients, and applicant’s disadvantaged community score according to the CalEnviroScreen 3.0. From all the applications received, an initial list of ranked buses was released in November 2018.

The second phase of the program included selecting a manufacturer or dealer that could design, construct, and deliver electric school buses to those who applied. In November 2018 a solicitation was put forth and applications were evaluated and scored based on a number of technical aspects like relevant experience and qualifications, project readiness and implementation, battery and fuel range, warranty service and support, economic benefits to California, and ability to leverage funding. After passing a technical evaluation, applications then competed in a bus bid evaluation, where the lowest-cost bid was selected for each school bus type: Type A, Type C, Type D, and each type with or without chair lifts.

The Lion Electric Co. was the awarded for the Type A electric school bus without wheelchair lifts, and the Type C and D electric school buses with and without wheelchair lift. A-Z Bus Incorporated was the awardee for electric school bus Type A with wheelchair lift. Once these manufacturers were selected, the California Energy Commission allocated funds to determine which applicants would be awarded based on the rank list of applications. This resulted in 233 electric school buses being funded throughout California. The distribution of school districts receiving between one and ten buses is shown in Figure 3-3, which also shows each district’s CalEnviroScreen 3.0 status. Based on initial estimates, the School Bus Replacement Program will help reduce tailpipe emissions of smog-forming nitrogen oxides by 98,000 lbs. and toxic diesel soot by more than 2,500 lbs. Minimizing exposure to hazardous emissions reduces the risk to adolescent bus riders of developing respiratory diseases such as asthma and helps the state achieve emissions reductions goals.

Figure 3-3: Distribution of School Bus Replacement Recipients



Source: California Energy Commission

CHAPTER 4: Overall Findings and Recommendations

As discussed in the chapters above, the administration of Proposition 39 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. In brief, we believe the program has been a success across multiple categories: energy savings, job creation, 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 so that school energy improvements continue to help meet California's energy and climate goals.

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

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

The Board is also encouraged by the significant progress realized to date through the School Bus Replacement Program, created through SB 110 and supported by the reallocation of \$75 million in remaining Proposition 39 K-12 funds. The program received over 200 applications requesting replacement of more than 1,600 diesel school buses with battery-electric school

buses throughout California. While the program was able to fund 233 new buses, it lacked additional funding to support many other well-qualified applicants.

There is no doubt that the California Clean Energy Jobs Act continues to create real value for the state of California, and contributes to meeting the state's larger education, energy, climate, and economic development goals. We strongly believe the Legislature should continue to fund this program going forward through annual or one-time appropriations, now that direct funding from tax revenues generated by Proposition 39 has ended. Funding to support the continuation of Citizens Oversight Board operations, independent audits of the Clean Energy Jobs Fund and selected projects, and annual evaluations to the Legislature should also be considered.

Recommendations

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

Potential energy savings: Applying the original funding allocation formula from Senate Bill 73, 89% of these funds, approximately \$156 million, would be allocated to LEAs and potentially result in about 156 projects each year with energy savings of over 61,670,000 kWh and 169,142 gas therms, with corresponding GHG emissions reductions of over 21,000 tons. Eleven percent of these funds, approximately \$19 million, would be allocated to Community Colleges and potentially result in about 109 projects each year with energy savings of nearly 12,000,000 kWh and 198,000 gas therms.²³

²³ These estimates are based on a linear extrapolation of cumulative spending and energy savings values from Tables 1-2 and 1-3 of this report.

2. **Absent annual appropriations to the Clean Energy Jobs Fund, provide direct appropriations to the Energy Commission for the development of a Proposition 39 K-12 Competitive Grant Program to support continued energy savings, emission reductions, and job creation at California’s public schools.** SB 110 (Committee on Budget and Fiscal Review, Chapter 55, Statutes of 2017) established three new programs: The School Bus Replacement Program, the Energy Conservation Assistance Act – Education (ECAA-Ed) Competitive Loan Program, and the Proposition 39 K-12 Competitive Grant Program. After June 30, 2018, \$75 million of remaining Proposition 39 K-12 funds were reallocated to support the School Bus Replacement Program, and \$38.5 million of remaining funds were reallocated to support the ECAA-Ed Competitive Grant Program. Unfortunately, no funds remained to support a K-12 Competitive Grant Program. We believe the energy savings, emissions reductions, and job creation associated with Proposition 39 investments are substantial and continue to accrue as projects are completed. Given the success of the Proposition 39 K-12 program to date, we recommend the Legislature provide a one-time appropriation of \$125 million to support a K-12 Competitive Grant Program.
3. **Absent annual appropriations to the Clean Energy Jobs Fund, provide direct appropriations to the California Community Colleges Chancellor’s Office to support continued energy savings, emission reductions, and job creation at California’s Community Colleges.** We believe the energy savings, emissions reductions, and job creation associated with Proposition 39 investments at the community colleges are substantial and continue to accrue as projects are completed. Given the success of the Proposition 39 program to date, we recommend the Legislature provide a one-time appropriation of \$50 million to support continued progress at Community Colleges.
4. **Provide direct appropriations to the Energy Commission to support the School Bus Replacement Program.** We believe the emissions reductions and associated health benefits associated with the School Bus Replacement Program investments are significant and will replace some of the oldest and dirtiest buses in California. We recommend the Legislature provide a one-time appropriation of \$75 million to the Energy Commission’s Clean Transportation Program to continue replacing diesel school buses throughout California.
5. **Provide direct baseline appropriations to the Citizens Oversight Board to support the continuation of Board operations, independent audits of the Clean Energy Jobs Fund and selected projects, and annual evaluations to the Legislature.** The Citizens Oversight Board is an independent entity based within the Energy Commission, consisting of three appointees each from the Treasurer, Controller, and Attorney General. The Board reviews annual audits of the Clean Energy Jobs Fund and selected projects each year, publishes an accounting each year, and submits annual evaluations of the program to the Legislature. Previously, funding for the

Board's two positions and \$300,000 per year for independent audit activities were funded through the Energy Resources Program Account (ERPA), but that fund is experiencing a structural deficit and is phasing out support of the Board. If the Legislature believes continued oversight is warranted, a direct appropriation to the Board from an alternate funding source will be necessary.

Appendices

APPENDIX A: [ENERGY COMMISSION - PROPOSITION 39: CALIFORNIA CLEAN ENERGY JOBS ACT, K-12 PROGRAM AND ENERGY CONSERVATION ASSISTANCE ACT 2018-19 PROGRESS REPORT](#)

APPENDIX B: [CALIFORNIA COMMUNITY COLLEGES CHANCELLOR'S OFFICE PROPOSITION 39 DRAFT SUMMARY REPORT](#)

APPENDIX C: [CALIFORNIA CLEAN ENERGY JOBS ACT \(PROPOSITION 39\): FINAL REPORT ON CALIFORNIA WORKFORCE DEVELOPMENT BOARD \(CWDB\) PRE-APPRENTICESHIP PROGRAM](#)

APPENDIX D: FINAL JOBS AND TRAINING REPORT TO THE PROP 39 CITIZENS OVERSIGHT BOARD PRESENTATION

APPENDIX E: [SENATE BILL 73: PROPOSITION 39 IMPLEMENTATION LEGISLATION](#)

APPENDIX F: [SENATE BILL 110: CLEAN ENERGY JOB CREATION PROGRAM AND CITIZENS OVERSIGHT BOARD LEGISLATION](#)

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