

2021 Proposition 39 Citizens Oversight Board Findings and Recommendations

Findings

The Citizens Oversight Board continues to be impressed with the outcomes from the California Clean Energy Jobs Act programs. This year significantly more projects were completed, and project benefits continue to accrue statewide. We are especially impressed by the geographic diversity of these projects throughout the state, as well as the high participation rates among disadvantaged and small, rural schools. We believe Proposition 39 has demonstrated success across multiple categories: energy savings, job creation, job training, and improvements to classroom environments. It 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 also remain impressed with the job training aspects of this program across the California Conservation Corps, Community Colleges, and Workforce Development Board. The pre-apprenticeship program run through the California Workforce Development Board (CWDB) is especially impressive and 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.

Given the success of Proposition 39, the Citizens Oversight Board recommends 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 are pleased to note the Legislature's support for a Proposition 39 K-12 Competitive Grant Program in SB 110 and believe, if funded, it would result in significant energy savings and reductions in greenhouse gas emissions going forward.

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. We believe the emissions reductions and associated health benefits associated with the School Bus Replacement Program investments are significant and recommend the Legislature provide funding to support the School Bus Replacement Program.

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. While the Board recognizes and fully supports the School Energy Efficiency Stimulus (SEES) Program created by AB 841 in 2020 to support the safe reopening of schools and protect the health of children and teachers alike, we believe the Legislature should also continue to fund portions of the California Clean Energy Jobs Act with one-time appropriations now that direct funding from tax revenues generated by Proposition 39 has ended.

Recommendations

- 1. Provide direct appropriations to the Energy Commission for the development of a Proposition 39 K-12 Competitive Grant Program as called for by SB 110, 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 Loan Program. Unfortunately, no funds remained to support a K-12 Competitive Grant Program. We believe the energy savings, emissions reductions, and job creation associated with Proposition 39 investments are substantial and continue to accrue as projects are completed. Given the success of the Proposition 39 K-12 program to date, we recommend the Legislature provide a one-time appropriation of \$125 million to support a K-12 Competitive Grant Program.

2. **Provide direct appropriations to the Energy Commission to support the Energy Conservation Assistance Act – Education (ECAA-Ed) Competitive Loan Program.** SB 110 (Committee on Budget and Fiscal Review, Chapter 55, Statutes of 2017) established the ECAA-Ed Competitive Loan Program, expecting that up to \$100 million would be available to support for loans to LEAs on a competitive basis. Because only \$38.5 million in funding was available, we recommend the Legislature provide a one-time appropriation of \$60 million to support the ECAA-Ed Competitive Loan Program.

3. **Provide direct appropriations to the California Community Colleges Chancellor’s Office to support continued energy savings, emission reductions, and job creation at California’s Community Colleges.** We believe the energy savings, emissions reductions, and job creation associated with Proposition 39 investments at the community colleges are substantial and continue to accrue as projects are completed. Given the success of the Proposition 39 program to date, we recommend the Legislature provide a one-time appropriation of \$50 million to support continued progress at Community Colleges.

4. **Provide direct appropriations to the Energy Commission to support the School Bus Replacement Program.** We believe the emissions reductions and associated health benefits associated with the School Bus Replacement Program investments are significant and will replace some of the oldest and dirtiest buses in California. Because the zero-emission buses can charge during off-peak hours, and store energy for later use, they can also reduce demand on the grid during peak hours. We recommend the Legislature provide a one-time appropriation of \$75 million to continue replacing diesel buses throughout California.