
SENATE COMMITTEE ON EDUCATION

Senator Benjamin Allen, Chair

2017 - 2018 Regular

Bill No: AB 386 **Hearing Date:** June 27, 2018
Author: Gonzalez Fletcher
Version: June 11, 2018
Urgency: No **Fiscal:** Yes
Consultant: Ian Johnson

Subject: School facilities: energy efficiency projects.

NOTE: This bill has been amended to replace its contents and this is the first time the bill is being heard in its current form.

SUMMARY

This bill would appropriate \$20 million General Fund to create a pilot program for the California Department of Education to fund energy efficiency and water sustainability projects and school and community college districts.

BACKGROUND

In November 2012, the voters passed Proposition 39, enacting the California Clean Energy Jobs Act (Act) which changed the way multistate corporations are taxed in California and provided for the use of the new revenues this change would generate. Elements of the Act include the following:

- 1) From 2013-14 through 2017-18, half of the annual revenue (up to \$550 million) raised from the measure must be transferred to a new Clean Energy Job Creation Fund (Fund). Moneys in the fund are to be available for appropriation to fund projects that create jobs in California, improving energy efficiency and expanding clean energy generation.
- 2) An outline of the type of eligible projects that could be included at public schools, colleges, universities, and other public buildings and for job training and workforce development purposes and public-private partnerships.
- 3) Criteria applicable to all fund expenditures which includes that:
 - a) Project selection and oversight be managed by state and local government agencies with expertise in managing energy projects and programs.
 - b) Projects be selected on the basis of in-state job creation and energy benefits, cost-effectiveness (total benefits greater than project costs over time, including non-energy benefits).
 - c) Contract requirements to identify project specifications, costs, and project energy savings.

- d) All projects are subject to audit.
- e) Program overhead costs are capped at four percent.
- f) Funds only be appropriated to agencies with established expertise in managing energy projects and programs.
- g) All funded programs be required to coordinate with the California Energy Commission (CEC) and the California Public Utilities Commission (PUC) in order to avoid duplication and leverage existing energy efficiency and clean energy efforts.

ANALYSIS

This bill would appropriate \$20 million General Fund to create a pilot program for the California Department of Education (CDE) to fund energy efficiency and water sustainability projects and school and community college districts. Specifically, this bill:

- 1) Appropriates \$20 million Proposition 98 General Fund to the CDE for allocation to school districts serving kindergarten or any of grades 1 to 12, inclusive, and community college districts for a pilot program to fund energy efficiency or water sustainability projects, including, but not necessarily limited to, renewable energy, water reclamation, or water conservation projects.
- 2) Specifies that a school district or community college district shall be eligible for funding only if it has received funding pursuant to the California Clean Energy Jobs Act and does all of the following in connection with the energy efficiency or water sustainability project for which it seeks additional funding:
 - a) Partners with an institution of higher education for the purposes of providing energy efficiency project-based learning opportunities for pupils enrolled in kindergarten or any of grades 1 to 12, inclusive, or for students enrolled at a community college.
 - b) Leverages private investments in addition to those appropriated under the Clean Energy Jobs Act.
 - c) Utilizes state-approved apprenticeship programs and ensures access to those programs for qualified veterans who were honorably discharged.

STAFF COMMENTS

- 1) ***Need for the bill.*** According to the author, “In recent years, California has become a pioneer in reducing emissions, utilizing renewable energies and fuels, and being more energy efficient overall. An example is Proposition 39, also known as the California Clean Energy Jobs Act, which California voters approved in 2012. This passage of the proposition increased state revenues by \$1 billion annually, with half of the revenues over the next five years spent on energy efficiency projects. Of the remaining revenues, a significant portion likely would be spent on schools. The implementation of Proposition 39 itself was established through Senate Budget Trailer Bill SB 73 of 2013.

Despite the additional funding for energy efficiency projects through Proposition 39, energy efficiency in schools is still a large work in progress. To address this issue and help improve the energy efficiency of California's schools, AB 386 will, upon appropriation by the Legislature, establish the Efficiency and Sustainability Projects for Schools Pilot Program. This pilot program will incentivize the combination of energy efficiency and project-based learning, along with private investment and apprenticeship opportunities for returning U.S. veterans. This strategy will allow school districts to make water efficiency and reclamation projects more viable, thereby saving important dollars that could be better used in other ways to improve the educational experience of our children.”

- 2) **California Clean Energy Jobs Act.** The California Clean Energy Jobs Act changed the corporate income tax code and allocates projected revenue to California's General Fund and the Clean Energy Job Creation Fund for five fiscal years, beginning in 2013-14. Under the initiative, roughly up to \$550 million annually is available for appropriation by the Legislature for eligible projects to improve energy efficiency and expand clean energy generation in schools.

Eligible local educational agencies (LEAs)—including county offices of education, school districts, charter schools and state special schools—can request funding by submitting an energy expenditure plan application to the California Energy Commission. For the first year, there is an option to receive part or all of a school's allocation for energy savings planning purposes. The Energy Commission approves plans and works with the California Department of Education, which subsequently distributes funds after plans have been approved.

This bill specifies that school and community college districts are eligible for funding under the program only if they received funding pursuant to the California Clean Energy Jobs Act.

- 3) **Project based learning.** Project-based learning involves students in an extended process of inquiry in response to a real-world problem. During the inquiry process, students work collaboratively, in teams or small groups, to complete complex tasks that result in authentic products, events, or presentations to an audience. Generally, project based learning has five key characteristics:
- a) Outcomes are tied to curriculum and learning goals.
 - b) Essential questions and problems lead students to the central concepts of the subject.
 - c) Investigations and research involve inquiry and knowledge building.
 - d) Students are responsible for designing and managing much of their own learning.
 - e) Projects are based on authentic, real-world problems and questions that students care about.

This bill requires grant recipients, in connection with the energy efficiency or water sustainability project for which they seek funding, to partner with institutions of higher education to provide energy efficiency project-based learning for students.

- 4) **Apprenticeship programs.** Existing law requires the Division of Apprenticeship Standards of the Department of Industrial Relations, in partnership with community college Chancellor's Office, to develop and implement innovative apprenticeship training demonstration projects in high-growth industries in emerging and transitioning occupations that meet local labor market needs and that are validated by current labor market data.

This bill requires grant recipients to utilize state-approved apprenticeship programs and ensure access to those programs for qualified veterans who were honorably discharged.

- 5) **Proposed author amendments.** The author would like to amend the bill to (1) establish the program as the Efficiency and Sustainability Projects for Schools Pilot Program, and (2) specify that the program shall be subject to an appropriation being made in the annual Budget Act. If it is the desire of the Committee to pass this measure, **staff recommends** that the bill be amended, consistent with the author's intent.

SUPPORT

California State Association of Electrical Workers
California State Pipe Trades Council
East Side Union High School District
International Brotherhood Electrical Workers
Western States Council of Sheet Metal Workers

OPPOSITION

None received

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