

CLIENT NEWS BRIEF

Lawmakers Extend Deadline for Proposition 39 Energy Efficiency Funding and Create New Program

State lawmakers have extended the deadlines to apply for and encumber money dedicated to energy efficiency projects at schools and community colleges – the program known as Proposition 39 – and have created a new program to fund such projects indefinitely.

Proposition 39 was scheduled to sunset June 30, 2018. Now, Senate Bill (SB) 110 has extended the deadline for encumbering Proposition 39 funds by one year, to June 30, 2019. At the same time, the bill creates the Clean Energy Job Creation Program, which will administer funds for energy efficiency projects at school districts, charter schools, county offices of education and community colleges. The program opens for business at the start of the 2018-19 fiscal year.

After the bill's passage, the California Energy Commission sent out a notice extending the deadline for submitting an energy expenditure plan to January 12, 2018. The original deadline had been August 1, 2017. Amendments to an existing energy expenditure plan that request additional funds must also be submitted by January 12, 2018.

Under SB 110, in order to take advantage of Proposition 39, agencies now have until June 30, 2019 to encumber those funds. The California Energy Commission defines "encumbrances" as "obligations in the form of purchase orders, contracts, salaries, and other commitments chargeable to an appropriation for which a part of the appropriation is reserved."

After March 1, 2018, SB 110 reappropriates the remaining money in the existing Proposition 39 fund based on the number of school districts, charter schools and county offices of education that have not yet submitted energy expenditure plans. The bill devotes \$75 million to loans or grants for school bus replacements or retrofits, prioritizing funding to agencies with the oldest school buses or those operating in disadvantaged communities. It also authorizes \$100 million for low- and no-interest revolving loans for projects and technical assistance aimed at expanding clean energy generation and improving energy efficiency, prioritizing funding based on diversity in geographic and agency size, energy savings and the percentage of low-income students served.

Any remaining money from Proposition 39 will be used to provide competitive grants to school districts, charter schools and county offices of education for energy efficiency and generation projects, with 10 percent going to education agencies with 1,000 or fewer students, 10 percent going to agencies with between 1,001 and 2,000 students and the rest going to larger education agencies.

Under the new Clean Energy Job Creation Program beginning in 2018-19, 11 percent of available funds will be allocated to the Chancellor of the California Community Colleges for distribution to community college districts for energy efficiency projects, and the California Energy Commission will distribute the

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rest to school districts, charter schools and county offices of education.

Projects will be selected based on in-state job creation and energy benefits. Priority for grants made through the new program will be given based on the number of students eligible for free and reduced-price meals, geographic diversity, school type and local area workforce needs. Funding will be available as appropriated in the annual budget act. Both the reallocated funds and money provided to local education agencies under the new program must be encumbered within nine months of allocation to those agencies.

Lozano Smith will provide additional details about the new program as they emerge. If you have any questions about SB 110, Proposition 39 or energy efficiency projects in general, please contact the author of this Client News Brief or an attorney at one of our [eight offices](#) located statewide. You can also visit our [website](#), follow us on [Facebook](#) or [Twitter](#) or download our [Client News Brief App](#).

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