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VETO

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Bill No: SB 394  
Author: Gonzalez (D), et al.  
Amended: 9/1/23  
Vote: 27

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SENATE ENERGY, U. & C. COMMITTEE: 16-0, 4/18/23

AYES: Bradford, Dahle, Ashby, Becker, Caballero, Dodd, Durazo, Eggman,  
Gonzalez, Grove, McGuire, Min, Newman, Rubio, Seyarto, Skinner

NO VOTE RECORDED: Stern, Wilk

SENATE EDUCATION COMMITTEE: 7-0, 4/26/23

AYES: Newman, Ochoa Bogh, Cortese, Glazer, McGuire, Smallwood-Cuevas,  
Wilk

SENATE APPROPRIATIONS COMMITTEE: 7-0, 5/18/23

AYES: Portantino, Jones, Ashby, Bradford, Seyarto, Wahab, Wiener

SENATE FLOOR: 40-0, 5/22/23

AYES: Allen, Alvarado-Gil, Archuleta, Ashby, Atkins, Becker, Blakespear,  
Bradford, Caballero, Cortese, Dahle, Dodd, Durazo, Eggman, Glazer, Gonzalez,  
Grove, Hurtado, Jones, Laird, Limón, McGuire, Menjivar, Min, Newman,  
Nguyen, Niello, Ochoa Bogh, Padilla, Portantino, Roth, Rubio, Seyarto, Skinner,  
Smallwood-Cuevas, Stern, Umberg, Wahab, Wiener, Wilk

SENATE FLOOR: 39-0, 9/13/23

AYES: Allen, Alvarado-Gil, Archuleta, Ashby, Atkins, Becker, Blakespear,  
Bradford, Cortese, Dahle, Dodd, Durazo, Eggman, Glazer, Gonzalez, Grove,  
Hurtado, Jones, Laird, Limón, McGuire, Menjivar, Min, Newman, Nguyen,  
Niello, Ochoa Bogh, Padilla, Portantino, Roth, Rubio, Seyarto, Skinner,  
Smallwood-Cuevas, Stern, Umberg, Wahab, Wiener, Wilk

NO VOTE RECORDED: Caballero

ASSEMBLY FLOOR: 76-1, 9/12/23 - See last page for vote

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**SUBJECT:** Master Plan for Healthy, Sustainable, and Climate-Resilient Schools

**SOURCE:** California Federation of Teachers  
California Labor for Climate Jobs  
Generation Up  
UndauntedK12

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**DIGEST:** This bill requires the California Energy Commission (CEC), upon appropriation by the Legislature, to convene a group of agencies and stakeholders to develop a master plan for healthy, sustainable, and climate-resilient schools.

**ANALYSIS:**

Existing law:

- 1) Establishes a goal of doubling energy efficiency savings from existing building end uses by January 1, 2030. Existing law requires the CEC to establish annual targets for statewide energy efficiency savings and demand reduction to achieve this goal. (Public Resources Code §25310)
- 2) Establishes the School Energy Efficiency Stimulus Program (also known as the California Schools Healthy Air, Plumbing, and Efficiency Program – CalSHAPE), which provides grants to local educational agencies (LEAs) to fund appliance, plumbing, and HVAC upgrades at schools using ratepayer energy efficiency incentives. Existing law designates the CEC as the third-party administrator of CalSHAPE grants and sunsets the program on January 1, 2027. (Public Utilities Code §§1610 – 1618)
- 3) Established the Clean Energy Job Creation Program to and allocates Proposition 39 revenues to fund energy efficient retrofits and clean energy installations as well as related improvements and repairs that contribute to reduced operating costs and provide certain non-energy benefits, including improved health and safety conditions in public schools. The program also allocated funds to the State Energy Conservation Assistance Account Education Subaccount (ECAA-Ed) to provide LEAs with no-interest revolving loans to fund energy efficiency and renewable energy projects. (Public Resources Code §26200 et seq.)

This bill:

- 1) Requires the CEC to work with various stakeholders, including, but not limited to the California Department of Education (CDE), Division of the State

Architect (DSA), Office of Public School Construction (OPSC), and Natural Resources Agency (NRA) to develop a master plan for healthy, sustainable, and climate-resilient schools. Under this bill, development of this master plan is contingent upon the CEC receiving a legislative appropriation.

- 2) Specifies groups and entities with whom state agencies must engage to develop the master plan, including, but not limited to a selection of stakeholders from different geographic locations prone to climate hazards, stakeholders from diverse demographic backgrounds, and stakeholders from communities with high populations of K-12 students that are socioeconomically disadvantaged, English learners, pupils of color, and students with disabilities.
- 3) Specifies the contents that must be included in the master plan, including, the following:
  - a) Recommendations and strategies for how to align investments in public school buildings, including any potential school bond moneys and federal decarbonization funding, with state building decarbonization goals and climate adaptation needs.
  - b) An assessment of a representative sample of the state's existing K-12 buildings and grounds that includes a variety of features, including age and fuel source for all building systems and recommendations for systems to track and analyze inventory data for planning and investments. This bill requires the master plan steering team to use existing data on school building performance to inform the plan.
  - c) An assessment of a representative sample of the state's public school buildings and grounds for emissions reductions potential, climate hazards, grid reliability, and climate adaptation potential.
  - d) Recommendations on how LEAs can leverage building decarbonization and climate resilience investments to support high-road job opportunities, including labor agreements with unionized workforces and workforce development for the local community and students.
- 4) Requires the CEC to contract with a nongovernmental entity to review research, data and coordinate the development of the master plan.

- 5) Requires the completed master plan to be published on specified public agency websites and submitted to the governor and relevant policy committees of the Legislature electronically.

## **Background**

*LEAs have diverse and unique energy and climate challenges.* California's K-12 facilities include approximately 12,800 schools with more than 714 million square feet of space, making LEAs the largest category of building in the public building sector. Unlike other commercial end users, government buildings generally aren't able to use energy savings to reinvest in more capital improvements, which leads public buildings to require regular cycles of investment to update facilities and replace less efficient appliances. While some district may seek local and state bond or tax funding to make these updates, other districts may seek moneys and tax incentives from the recently enacted Infrastructure Investment and Jobs Act (IIJA) and Inflation Reduction Act (IRA).

This bill seeks to establish a master plan that may help provide LEAs with guidance about the types of building decarbonization and climate resilience investments that can provide benefits for LEAs. However, the diversity of size, condition, and location of California's LEAs creates challenges for providing guidance that meaningfully addresses an LEA's needs. While some LEAs may be seeking to make major investments in fuel switching, electric vehicle (EV) charging, and on-site clean energy generation, other LEAs may need new HVAC systems and water filtration. LEAs with sufficient resources may have little difficulties in taking advantage of new funding opportunities as they arise; however, smaller LEAs and LEAs with limited support resources may require additional guidance and technical assistance to identify the best opportunities for their specific considerations and submit successful applications.

*CEC has administered energy efficiency programs supporting LEAs with goals similar to the master plan required by this bill.* While the CEC has not established a master plan addressing K-12 buildings' climate adaptation needs, the CEC has administered multiple programs aimed at providing incentives to improve energy efficiency, water savings, and non-energy benefits associated with clean energy and appliance installations in LEA facilities. Following the passage of Proposition 39 in 2012, the CEC administered the Clean Energy and Jobs Creation Program. Between 2013 and 2020, the CEC approved 2,108 applications from 1,739 LEAs for a total \$1.53 billion in funding. As part of the program, the CEC also approved 42 loans from the ECAA-Ed program totaling \$64.6 million. Following an

extension and revision of the Proposition 39 program in 2017, the program expanded to include the School Bus Replacement Program. As part of this program, the CEC awarded \$74.7 million for replacement electric buses and \$14.1 million for electric bus charging infrastructure.

This bill requires the master plan to include various components that are similar to the goals of the Clean Energy and Job Creation Program. For example, this bill requires the master plan to include recommendations on how schools can obtain sufficient technical assistance to leverage investments in building decarbonization and climate resilience and encourage workforce development and high-road jobs. During its administration of the Clean Energy and Job Creation Program, the CEC established the Bright Schools Program to provide \$3.3 million for technical assistance to help LEAs identify opportunities for energy savings and submit successful funding applications. As part of its administration of the School Bus Replacement Program, the CEC leveraged \$1 million in Clean Transportation Program (CTP) moneys to develop and implement an automotive instructor training program for school districts to provide instruction on operating, maintaining, and managing electric buses. This training curriculum was created by a local community college and provided to school districts that received electric buses through the School Bus Replacement Program.

### **Related/Prior Legislation**

AB 841 (Ting, Chapter 372, Statutes of 2020) among other provisions, established the CalSHAPE program to provide stimulus grants to LEAs to fund appliance, plumbing, and HVAC upgrades at schools using ratepayer energy efficiency incentives. The bill also designated the CEC as the third-party administrator of the CalSHAPE program.

SB 110 (Committee on Budget, Chapter 55, Statutes of 2017) and AB 129 (Committee on Budget, Chapter 250, Statutes of 2017) among other requirements, extended the operation of the Proposition 39 program, re-appropriated funds for the purpose of the program, and revised the allocation of Proposition 39 funds for LEAs to establish a competitive grant program for the remainder of the program's operation.

AB 802 (Williams, Chapter 590, Statutes of 2015) required the CEC to establish an energy use benchmarking and public disclosure program for buildings to increase access to energy consumption information.

SB 350 (De León, Chapter 547, Statutes of 2015), the Clean Energy and Pollution Reduction Act of 2015, established new clean energy, clean air and GHG reduction goals. Specifically, the bill established a goal to double energy efficiency in existing buildings by 2030.

**FISCAL EFFECT:** Appropriation: No Fiscal Com.: Yes Local: No

According to the Assembly Committee on Appropriations:

- 1) CEC estimates one-time costs of \$1.5 million (Energy Resources Programs Account (ERPA) or General Fund) for 10 limited-term positions to develop the master plan. In addition, the CEC estimates one-time costs of up to \$5 million (ERPA or General Fund) to fund the work of the nongovernmental agency contractor, given that there are over 10,000 schools throughout the state that may need information and data gathered, researched, and analyzed.
- 2) DSA estimates ongoing annual costs of approximately \$1.9 million for seven positions to implement this bill (Public School Planning, Design and Construction Review Revolving Fund). DSA contends that conducting any type of school inventory, even with a representative sample, is an intensive process. DSA notes its tasks include participating in the interagency process and steering committee, conducting the necessary inventory, conducting research in support of the master plan, and developing any materials necessary to turn the master plan into a series of actionable items, including green building standards and technical assistance to help district implement recommendations.
- 3) OPSC estimates ongoing annual costs of approximately \$434,000 for two positions and \$1.4 million ongoing for additional expenditure authority for existing positions to implement this bill (General Fund). Department of Finance (DOF) notes, for both DSA and OPSC, the costs to participate in the development of the master plan pursuant to this bill are likely minor and absorbable. However, DOF contends the ongoing cost estimates provided by DSA and OPSC “will likely be applicable if a master plan is developed and if the recommendations of the master plan become enacted law.” This analysis notes, based on DOF’s analysis, the estimates provided by DSA and OPSC, above, are likely future cost pressures should the recommendations of the master plan be required or mandated, and are likely not direct costs of fulfilling the requirements of this bill.
- 4) The California Department of Public Health (CDPH) estimates ongoing annual costs of approximately \$190,000 (General Fund) for one new position to

coordinate with CEC and provide input regarding the various public health and health equity recommendations for ensuring healthy, sustainable, and climate-resilient schools.

- 5) CDE estimates one-time state operations costs of approximately \$50,000 (General Fund) to implement this bill.
- 6) Costs of an unknown, but likely minor, amount for other departments and state entities to participate in development of the master plan.

**SUPPORT:** (Verified 10/13/23)

California Federation of Teachers (co-source)  
California Labor for Climate Jobs (co-source)  
Generation Up (co-source)  
UndauntedK12 (co-source)  
1000 Grandmothers for Future Generations  
2035 Initiative  
Alliance for a Better Community  
Alliance of Nurses for Healthy Environments  
American Academy of Pediatrics, California  
Association for Environmental and Outdoor Education  
California Climate Voters  
California Environmental Voters  
California Federation of Teachers  
California Green New Deal Coalition  
California Labor for Climate Jobs  
California Nurses for Environmental Health and Justice  
California School Employees Association  
California State PTA  
Central California Asthma Collaborative  
Center for Cities and Schools, UC Berkeley  
Center for Ecoliteracy  
Children Now  
Climate Action Campaign  
Climate Action Pathways for Schools  
Climate Health Now  
CMTA Engineers  
Collective Resilience  
Education Justice Academy

Fossil Free California  
GENup  
Green Schools National Network  
Green Schoolyards America  
Greenpeace USA  
Jobs With Justice San Francisco  
Labor Network for Sustainability  
Let's Green Ca!  
Long Beach Alliance for Clean Energy  
Menlo Spark  
Natural Resources Defense Council  
New Buildings Institute  
NextGen California  
Oil & Gas Action Network  
Oil Change International  
Our Turn  
PODER  
Rewiring America  
San Francisco Bay Physicians for Social Responsibility  
Santa Clara County Office of Education  
School Energy Coalition  
Schools for Climate Action  
SEIU California  
Service Employees International Union California  
Sheet Metal Workers' Local Union No. 104  
Sierra Club California  
State Building and Construction Trades Council of California  
Strategic Energy Innovations  
Ten Strands  
TerraVerde Energy  
The Climate Center  
The Climate Reality Project, Los Angeles Chapter  
The Climate Reality Project, San Fernando Valley  
Tree People  
UFCW Western States Council  
UPTE-CWA 9119  
Two Individuals

**OPPOSITION:** (Verified 10/13/23)

None received

**ARGUMENTS IN SUPPORT:** According to the author:

California's K-12 students are served by over 1,000 school districts that utilize more than 10,000 facilities, comprising 125,000 acres of grounds, and 730 million square feet of buildings. The students who attend these schools each day are increasingly burdened by climate-related threats such as extreme heat, flooding, wildfire smoke, and other hazards that can harm their health and hinder their ability to learn. A recent report from the Legislative Analyst's Office showed that, as climate change continues to drive extreme weather events and other disruptions, students will face learning loss, food insecurity, and traumatic mental health impacts that are likely to affect their ability to learn and result in diminished academic outcomes.

While the condition of our school facilities plays an integral part in the mission of educating California's students, the State currently has no mechanism for assessing its school facilities' sustainability, and no cohesive strategy to make school buildings and grounds climate-resilient to protect the health and safety of students. It is abundantly clear that for California to meet its climate goals and ensure the educational opportunities of students there must be a comprehensive policy and implementation road map.

SB 394 will address the lack of guidance and planning around school facilities and sustainability by requiring the California Energy Commission to collaborate with various state agencies and education stakeholders to develop a Master Plan for Healthy, Sustainable, and Climate-Resilient Schools. The Master Plan will provide the State and the public with substantive guidance to ensure California's school facilities will be resilient in the face of continuing climate change and its acute impacts on the health and wellbeing of our students. A cohesive plan will also position California to take full advantage of forthcoming grants and incentives for de-carbonization and climate adaptation under the federal Infrastructure Investment and Jobs Act (IIJA) and Inflation Reduction Act.

**GOVERNOR'S VETO MESSAGE:**

This bill would require the California Energy Commission, upon appropriation by the Legislature, to convene more than ten state agencies, departments and commissions, as well as numerous stakeholders, to develop a Master Plan for Healthy, Sustainable, and Climate-Resilient Schools. The

Master Plan would be due on or before March 31, 2025, or 15 months after the appropriation is made for this purpose, whichever is later.

While I support the author's goal of making our schools more climate friendly and climate prepared, the development of this Master Plan will cost up to \$10 million that was not considered through the annual budget process. Additionally, the Master Plan would create significant long-term cost pressures that are not accounted for in the state budget plan.

In partnership with the Legislature, we enacted a budget that closed a shortfall of more than \$30 billion through balanced solutions that avoided deep program cuts and protected education, health care, climate, public safety, and social service programs that are relied on by millions of Californians. This year, however, the Legislature approved bills outside of this budget process that, if all enacted, would add nearly \$19 billion of unaccounted costs in the budget, of which \$11 billion would be ongoing.

With our state facing continuing economic risk and revenue uncertainty, it is important to remain disciplined when considering bills with significant fiscal implications, such as this measure.

ASSEMBLY FLOOR: 76-1, 9/12/23

AYES: Addis, Aguiar-Curry, Alanis, Alvarez, Arambula, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Juan Carrillo, Wendy Carrillo, Cervantes, Chen, Connolly, Megan Dahle, Davies, Dixon, Flora, Mike Fong, Vince Fong, Friedman, Gabriel, Garcia, Gipson, Grayson, Haney, Hart, Holden, Hoover, Irwin, Jackson, Kalra, Lackey, Lee, Low, Lowenthal, Maienschein, Mathis, McCarty, McKinnor, Muratsuchi, Stephanie Nguyen, Ortega, Pacheco, Papan, Jim Patterson, Joe Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Rendon, Reyes, Luz Rivas, Rodriguez, Blanca Rubio, Sanchez, Santiago, Schiavo, Soria, Ta, Ting, Valencia, Villapudua, Waldron, Wallis, Ward, Weber, Wicks, Wilson, Zbur, Robert Rivas

NOES: Gallagher

NO VOTE RECORDED: Essayli, Jones-Sawyer, Wood

Prepared by: Sarah Smith / E., U. & C. / (916) 651-4107  
10/19/23 10:40:48

\*\*\*\* END \*\*\*\*