State-level Legislation to Support Energy Efficiency: Dedicated Funding for Existing K-12 Schools

The analysis underway will examine state legislation implemented to support energy efficiency project implementation in K-12 existing school facilities. The U.S Environmental Protection Agency estimates that one fourth if energy efficient technologies and strategies currently in use in the U.S. are implemented in K-12 School buildings, but yet energy costs for schools still reach approximately $8 billion annually (EPA). Seven different pieces of state legislation addressing energy efficiency programs in K- 12 schools will be examined, six of which are presented in this overview: California, Washington, Tennessee, Maine, Oregon and Colorado (See Table 1). Each policy has the general purpose of improving energy efficiency in school buildings while simultaneously bettering the school environment for students, staff, and faculty. In addition to a review of the policies and associated commentary, seven program stakeholders were interviewed for their perspectives on policy implementation.

Table 1: State-level legislation in support of energy efficiency in existing schools

State	Policy Name	Type	Duration Examined During Research	Total Budget Approved	# of Schools/Districts Funded
CA	Proposition 39: California Clean Energy Job Act	Grant Program	2013-2016	$673,000,000	981 out of 1,025 Districts 96% of Districts
WA	Energy Operational Savings Project Grants	Grant Program	2009-2013	$133,900,000	172 out of 295 Districts 58% of Districts
TN	Energy Efficient School Initiative	Revolving Loan	2008-Present	$90,000,000 (Initial allocation)	134 out of 144 Districts 93% of Districts
ME	Schools Revolving Renovation Fund	Revolving Loan	1997-Present	$100,000,000 (initial allocation)	335 out of 622 schools. However, none have reached priority 3: energy efficiency 54% of Schools
OR	Cool Schools	Loan	2011-2015	No funding from state	18 out of 220 Districts .08% of Districts
CO	Renewable Energy and Energy Efficiency for Schools	Loan	2014- Present	Unknown	0 out of 259 Districts 0% of Districts

Key Considerations for State Lawmakers

General Considerations and Lessons Learned

- An initial baseline energy audit of all schools in the state is one way to assess the problem of inefficiency and to draw attention to the need for school energy efficiency retrofits. This approach was particularly encouraged by the stakeholders in Tennessee and California.
- The programs in Washington, Tennessee, and Maine involved a combination of grants, loans, and reimbursements. Programs should take into account the overall financial health of school districts in a state and address the particular financial mechanisms that will best serve schools.
- Program stakeholders in California, Washington, Tennessee, and Maine believed their states' programs to be successful in reaching schools. One reason for this success may be schools' easy access to the application and to assistance from program staff.
- All of the programs have made changes or amendments after their initial implementation. Allowing the flexibility to reevaluate the program and make necessary adjustments can contribute to the longevity of a program.

Grants versus Loans in Addressing Energy Efficiency Measures

- Grants provide the opportunity for faster rates of project implementation. This quicker timeline is exemplified by California's grant program; within three years, 981 school districts had received funding approval. However, grant programs have to depend on regular funding allocations.
- Revolving loan programs, according to personal communication with stakeholders in ME and TN, result in a slower project implementation rate. With revolving loans, the initial allocation may be the only funding needed to set up an effective program for many years. However, the program must wait for school districts to pay off debt from prior loans before funding new projects.
- Allowing schools to pay back loans at a low interest rate and through energy savings, similar to Tennessee's program, has the potential to encourage participation by decreasing risk.
- Program operators in Tennessee suggest that legislators' visible and vocal support can prove beneficial to a policy's successful implementation. Schools can be hesitant about taking on debt through a revolving loan fund; legislator support can reassure school districts that participation should not lead to financial instability
- Loan programs are difficult to encourage and sometimes will not yield results. Colorado's lack of participation, according to a personal communication, could be contributed to the complexity of the loan application.

Project Selection Criteria

- Each state has a method to evaluate project applications from schools and districts. Three of the states use point-based ranking systems to prioritize applications (Washington, Maine, Tennessee). Common considerations when evaluating applications include the financial need of the applicant district and potential cost savings. Please note that no data on program evaluation in Oregon or Colorado has been collected at this time.

State	Overview of Criteria for Evaluating Energy Efficiency Projects
CA	• Savings to Investment Ratio of at least 1.05
WA	• Leverage ratio of 3:1 (District provides $3, grant will provide $1) • Whether or not school districts have received previous awards • Overall energy savings projected
TN	• Energy conservation measure (ECM) simple payback • School energy utilization index (EUI) reduction • Financial need
ME	• Project payback period (using avoided costs) • Percentage of energy saved annually based on gallons of oil, cubic feet of natural gas, kilowatt hour of electricity, etc. • Percentage of annual dollar savings for energy costs in the affected facility • Life of facility following the proposed project • Other benefits gained