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Areas of Agreement:

- Proposition 98 Treatment.** Counted all Proposition 39 revenues toward the Proposition 98 minimum guarantee.
- Recipients of Funds.** Limited to schools and community colleges. Also appears to be agreement on allowing state special schools to access funds. (Senate provided funding for these schools. Assembly did not hear item but has since indicated interest.)
- Energy-Related Spending.** Approved \$464 million for Proposition 39 energy programs (\$413 million for schools and \$51 million for community colleges).
- Administrative Position.** Approved one position for the California Department of Education (CDE) to implement new energy program for schools.



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Unresolved Issues:

- Grants Versus Loans.** Senate designated all funding for grants. Assembly dedicated 75 percent of funding for grants and 25 percent of funding for loan programs.
- Distribute Funds Through Competitive Process or on Per-Student Basis.** Senate allocated school funding pursuant to legislation and allocated community college funding on a per-student basis. Assembly distributed school and college funds on a regional per-pupil basis.
- Role of Energy Commission.** While both houses approved one position for CDE, the role of the California Energy Commission (CEC) remains unresolved.
- Conforming Issues.**
 - **Staffing.** Amount required to administer program will depend on answers to above issues.
 - **Minimum Grants.** Senate approved minimum grants of \$15,000 for schools with less than 200 students and \$50,000 for schools with less than 764 students. Assembly did not include minimum grant amounts. Need for minimum grants depends on answers to above issues.



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LAO Compromise:

- School Funding Allocation (\$411 Million Proposition 98).***
 - Allocates funding on a regional basis in proportion to the number of students in each region, weighted for climate zone.
 - Within each region, school districts would apply for grant funding on a competitive basis. Applicants would be evaluated based on relative energy benefits. No loan program. Minimum grants unnecessary. Allows state special schools to be eligible for funding.
 - This approach helps ensure energy benefits are maximized, while also distributing funding broadly across the state.

- Community College Funding Allocation (\$51 Million Proposition 98).*** Allocates funding to the California Community Colleges (CCC) Chancellor's Office to administer a competitive program whereby community college districts can apply for energy grants. Applicants would be evaluated based on relative energy benefits.

- Administration and Support (\$2.2 Million Proposition 98, \$700,000 Non-Proposition 98 General Fund).*** The CDE and CCC Chancellor's Office would administer the programs, with technical assistance from CEC to leverage CEC's statewide energy expertise. Provides Chancellor's Office a minimum of one and CEC a minimum of five positions (at an estimated General Fund cost of \$700,000). Provides each of 11 school regions with two positions (at an estimated cost of \$2.2 million Proposition 98 General Fund).