



March 20, 2025

Liane Randolph, Chair
California Air Resources Board
1001 I Street, Sacramento, CA 95812
[Submitted Via Online Portal](#)

RE: Response to Solicitation to Inform Implementation of California Climate-Disclosure Legislation

Dear Chair Randolph,

On behalf of the Association of Independent California Colleges and Universities (AICCU) which represents 80+ *non-profit* colleges and universities, I am submitting comments in response to the [solicitation](#) to inform implementation of California's Climate-Disclosure laws, Senate Bills 253 (Weiner) and 261 (Stern).

We are seeking explicit clarification in implementing regulations that the disclosure laws do not apply to California's *independent, non-profit* colleges and universities. Furthermore, our comments underscore that the new reporting requirements would pose unique challenges and create substantial new costs for universities that will impact academic and student programs and institutional financial aid. This request is consistent with the state and federal tax-exempt statuses of non-profit institutions of higher education and the legislative intent to apply the new disclosure laws to large corporations that profit from the sale of goods. Furthermore, an exemption is consistent with the statutory treatment of the University of California.

These new laws would have direct impacts on the academic, research, and financial aid functions of our institutions – of which also afford them their tax exempt, non-profit status. In the current milieu, California's institutions of higher education can ill afford costly mandates such as new emissions reporting and costly verifications

that would further hinder their ability to serve students, faculty, and the communities in which they reside. Additionally, the application of the new laws would be disruptive to our institutions demonstrated leadership in advancing sustainability initiatives, emissions reduction, and reporting.

Below are responses to the relevant [solicitation questions](#):

General: Applicability

#1. SB 253 and 261 - Interpretation of “doing business in California”

a. Should CARB adopt the interpretation of “doing business in California” found in the Revenue and Tax Code section 23101?

CARB should adopt a narrow interpretation of “doing business in California” as found in RTC 23101 to apply SB 253 and SB 261 *only* to for-profit entities with total annual revenues in excess of the threshold amounts for each measure. AICCU requests that CARB exempt California’s independent, non-profit colleges and universities from the interpretation of “doing business in California” consistent with their tax exempt status as non-profit educational institutions under section 501(c)(3) of the Internal Revenue Code and from state income tax as nonprofit educational institutions under [Article 13, Section 26](#) of the California Constitution and Revenue and Taxation Code [Section 23701d](#).

Non-profit institutions of higher education reinvest revenues back into their related educational mission. For example, tuition and state and federal grants support student learning, research, and related services.

If CARB wishes to further define the conditions in which a non-profit institution of higher education is “doing business in California” it should only subject unrelated business income¹ to the total annual revenue threshold criteria found in SB 253 and SB 261 (\$1 billion and \$500 million total annual revenues, respectively).

Furthermore, exempting non-profit institutions of higher education is consistent with the legislative history and intent. A review of the legislative history demonstrates that the measures never contemplated universities as covered

¹ “Unrelated business income is income from a trade or business, regularly carried on, that is not substantially related to the charitable, educational, or other purpose that is the basis of the organization's exemption.” – <https://www.irs.gov/charities-non-profits/unrelated-business-income-tax>

entities. Non-profit universities should not be considered akin to for-profit multinational corporations.

The March 13, 2023, Senate Environmental Quality Committee analysis notes that “SB 253 applies to any ‘partnership, corporation, limited liability company, [or other U.S. business entity] with total annual revenues in excess of one billion dollars and that does business in California. *It appears this may—seemingly inadvertently—apply to the University of California (UC) system.*”

Following this committee analysis, SB 253 was amended to allow the UC system (which also enjoys 501(c)(3) status) to opt-in to the new reporting requirements based on its academic mission despite its reported “\$8.9 billion” in estimated revenues. This amendment demonstrates the recognition that non-profit education institutions are distinct from private corporations both in their establishment and mission and should not be covered under the umbrella of these laws. This logic should apply equally to independent, non-profit institutions of higher education in California.

The September 11, 2023 Senate Floor analysis states that, “*We no longer have the time to rely on massive corporations to voluntarily report their emissions... [SB 253] will allow for consumers to make informed decisions regarding their patronage of these corporations.*” The intent of this bill is clearly aimed at large corporations that profit from the sale of goods, not institutions of higher education.

If SB 253 were to apply to non-profit institutions higher education institutions, it is important to recognize that the new reporting requirements would create substantial new costs for universities, impacting funds for existing academic and student programs and institutional financial aid. For example, compliance with Scope 3 emissions reporting requirements would be complex for universities, particularly as thousands of students, faculty, and staff live on and travel to and from campus. This is in addition to the thousands of daily visitors and the activity of campus concessionaires, amongst others.

Our universities and academic programs which do not currently report other climate financial risk disclosures as outlined by SB 261 will also be burdened by SB 261. A review of the legislative history demonstrates that SB 261 also never contemplated universities as covered entities. The author’s statement on the purpose of the bill found in the September 13, 2023, Senate Floor analysis, reads: “*Major corporations and financial institutions face climate related financial risks in their business making decisions, so it is important for these businesses and institutions to*

assess and share the risks they have identified, and what efforts they are employing to mitigate them.”

Furthermore, our non-profit research universities currently and voluntarily report GHG emissions information similar to the UC system. For example, Stanford voluntarily reports its Scopes 1 and 2 greenhouse gas emissions to The Climate Registry (TCR). Stanford also voluntarily contracts with a third-party consultant to verify the reported emissions comply with TCR’s protocols. The University of Southern California (USC) utilizes the Sustainability Indicator Management and Analysis Platform (SIMAP) developed by the University of New Hampshire, which is widely used by higher education institutions and fully aligns with GHG Protocol standards. Additionally, Stanford and USC voluntarily report their greenhouse gas emissions to the Association for the Advancement of Sustainability in Higher Education’s Sustainability Tracking, Assessment & Rating System. Caltech and USC also voluntarily report their emissions in their annual sustainability report.

As applicable, our universities are in full compliance with the California Air Resources Board’s Mandatory Greenhouse Gas Reporting Regulation annual reporting requirements for Scope 1 stationary combustion and gas-insulated equipment emissions.

Our universities have made significant progress towards the goals of SB 253 and SB 261 without onerous state regulation. For example, Stanford has reduced its scope 1 and 2 emissions by 80 percent from their peak emissions in 2011.

As demonstrated here, our universities have undertaken significant investments in emissions reporting. Application of new, state-mandated reporting requirements would add unnecessary administrative burden, costs, and complexities to our demonstrated commitment to advancing sustainability and voluntary reporting. Compliance with existing GHG reporting protocols sufficiently balances the public interest and the educational missions of our institutions.

General: Standards in Regulation

#3. Implementing SB 253 and 261 Using External Standards

a. How do we ensure that CARB’s regulations address California-specific needs and stay current with evolving external standards and protocols? b. How could CARB ensure

reporting under the laws minimizes duplication of effort for entities required to report GHG emissions or financial risk under other mandatory programs and SB 253 or 261? c. To the extent the standards and protocols incorporated into the statute provide flexibility in reporting methods, should reporting entities be required to pick a specific reporting method and consistently use it year-to-year?

To the extent applicable and to avoid duplication of effort and reduce costs, CARB should allow reporting through TCR and SIMAP. Leveraging these established protocols and tools for reporting and assurance minimizes duplication of efforts and ensures year-over-year consistency. Doing so would provide institutions with a seamless reporting pathway while maintaining methodological rigor and reducing regulatory burden.

We must emphasize the need for flexibility in certain aspects of GHG reporting, such as boundary setting, apportioning emissions in multiple ownerships, GHGs subject to reporting, and reporting by sector vs. business unit. We also recommend allowing flexibility within a two-year reporting window to enable organizations to use the most accurate data available.

General: Data Reporting

#4. Identifying Costs and Factors for Compliance - *Are there any public datasets that identify the costs for voluntary reporting already being submitted by companies? What factors affect the cost or anticipated cost for entities to comply with either legislation?*

Universities would face significant costs and unique technical challenges with reporting Scope 3 emissions. The challenges of Scope 3 reporting were recently recognized by the U.S. Securities and Exchange Commission (SEC) and the California State Teachers Retirement System (CalSTRS), both of which identified the difficulty of calculating upstream and downstream emissions. Compliance with Scope 3 emissions reporting requirements would be complex for universities, particularly as thousands of students, faculty, and staff live on and travel to and from campus. This is in addition to the thousands of daily visitors and the activity of campus concessionaires, amongst others.

Applying new reporting requirements on our non-profit institutions would have direct financial impacts on academic, research, and financial aid functions of the institutions – of which also afford them their tax exempt, non-profit status. To comply with these new mandates, institutions would have to contract additional

counsel and third-party vendors, including for verification, which would divert much needed resources. In addition, in the current landscape of higher education, California's institutions of higher education can ill afford costly mandates that would further hinder their ability to serve students, faculty, and the communities in which they reside. As previously noted, these impacts will be significantly disproportionate and misaligned with the intent of the measure to apply to major, for-profit corporations.

As applicable, we strongly recommend allowing reporting through TCR and SIMAP. Leveraging these established protocols and tools for reporting and assurance minimizes duplication of efforts and ensures year-over-year consistency. We suggest the state partner with these tools rather than requiring direct reporting to CARB.

#5 & 6. Reporting Methods *Should the state require reporting directly to CARB or contract out to an "emissions" and/or "climate" reporting organization? If contracting out for reporting services, are there non-profits or private companies that already provide these services?*

We suggest that the state partner with TCR, SIMAP or an equivalent rather than requiring direct reporting to CARB.

SB 253: Climate Corporate Data Accountability Act

#7. Standardizing GHG Protocol Aspects Entities must measure and report their emissions of greenhouse gases in conformance with the GHG Protocol, which allows for flexibility in some areas (i.e. boundary setting, apportioning emissions in multiple ownerships, GHGs subject to reporting, reporting by sector vs business unit, or others). *Are there specific aspects of scopes 1, 2, or 3 reporting that CARB should consider standardizing?*

Definitions can vary, but entities should consistently use the same methodologies annually to ensure comparability. At Stanford, for example, to allow for data collection and process a wide array of data, data is finalized one year and two months after the reporting cycle begins (e.g., calendar year 2023 data is finalized in February 2025) and is calculated annually.

We must emphasize the need for flexibility in certain aspects of GHG reporting, such as boundary setting, apportioning emissions in multiple ownerships, GHGs subject to reporting, and reporting by sector vs. business unit. We also recommend

allowing flexibility within a two-year reporting window to enable organizations to use the most accurate data available.

#9. Voluntary Emissions Reporting How should voluntary emissions reporting inform CARB's approach to implementing SB 253 requirements? For those parties currently reporting scopes 1 and 2 emissions on a voluntary basis:

c. What frequency (annual or other) and time period (1 year or more) are currently used for reporting?

d. When are data available from the prior year to support reporting?

Currently, at least three qualifying non-profit research universities voluntarily report similar emissions information to what the UC system reports. For example, Stanford voluntarily reports its Scopes 1 and 2 greenhouse gas emissions to TCR like the UC system. Stanford also voluntarily contracts with a third-party consultant to verify the reported emissions comply with TCR's protocols. USC utilizes SIMAP, developed by the University of New Hampshire, which is widely used by higher education institutions and fully aligns with GHG Protocol standards. Additionally, Stanford and USC voluntarily report their Scopes 1 and 2 emissions to the [Association for the Advancement of Sustainability in Higher Education's](#) Sustainability Tracking, Assessment & Rating System (STARS). Caltech and USC also voluntarily report their emissions in their annual sustainability report.

Our nonprofit research universities are in full compliance with the California Air Resources Board's Mandatory Greenhouse Gas Reporting Regulation annual reporting requirements for Scope 1 stationary combustion and gas-insulated equipment emissions.

Any applicable regulations should allow universities to comply by aligning reporting with the existing practice, where they have reported and verified emissions since at least 2006. Recognizing these protocols would provide institutions with a seamless reporting pathway while maintaining methodological rigor and reducing costs.

SB 261: Climate Related Financial Risk Disclosure

#13. Existing Climate Financial Risk Disclosures

f. What other types of existing climate financial risk disclosures are entities already preparing? g. For covered entities that already report climate related financial risk, what approaches do entities use?

Consistent with the response to Question 1 (a), SB 261 should not apply to independent, non-profit colleges and universities.

Our universities will be heavily burdened by SB 261 as they do not currently report other climate financial risk disclosures as outlined by SB 261.

Any applicable regulations should allow universities to comply by aligning reporting with the existing protocols, where they have reported and verified emissions since at least 2006.

Thank you for considering our request and comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Kristen F. Soares". The signature is fluid and cursive, with the first name "Kristen" and last name "Soares" clearly distinguishable.

Kristen F. Soares
President