

# California Climate Investments and Jobs

## *Jobs and Workforce Development Proposals for Carbon Reduction Investments in California*

Developed by the Green Collar Jobs Council of the California Workforce Investment Board and approved January 16, 2014

### INTRODUCTION

The purpose of this document is to propose a common approach to workforce development and job creation for California's multiple public investments in carbon reduction initiatives under the umbrella of AB 32, the 2006 Global Warming Solutions Act. California's energy efficiency, clean energy, and clean transportation programs currently invest several billion dollars each year in incentive programs, public works projects, and a variety of other contracts and subsidies. Ratepayer investments inject about \$1.3 billion dollars per year in programs designed to reduce energy use, Proposition 39 funds will provide \$2.5 billion over five years for energy efficiency and clean energy retrofits of schools, and auction revenues from the state's cap and trade program will generate hundreds of millions of dollars over time for investments to reduce greenhouse gas emissions.

While the primary purpose of these programs is to meet our energy and carbon reduction targets, these investments create and transform jobs and businesses in a variety of industries in California, particularly the energy, building and construction, and transportation industries. State agencies, utilities, and others responsible for these programs are therefore drivers of economic development and job creation, in addition to their primary role in implementing energy and environmental policy. This document proposes a common jobs and workforce development framework and specific program elements for California's carbon reduction public investment programs. These program elements can support a skilled workforce that performs the quality work necessary to accomplish the state's ambitious energy and environmental goals, while providing career-track jobs for California residents, including those from historically disadvantaged communities.

The Green Collar Jobs Council (GCJC) and the California Workforce Investment Board (CWIB) has extensive experience with effective and collaborative approaches to economic and workforce development. Along with their partners, they can provide expertise and resources to state energy and environmental agencies responsible for overseeing carbon reduction programs.

## PROGRAM ELEMENTS: JOB GROWTH

### *1. Performance Goals and Data Tracking for Jobs*

Public and ratepayer investments influence the demand for labor, i.e. the types of jobs that are created, but specific goals and related metrics for the job impacts of such investments are not always identified. Policymakers should consider the quantity and quality of jobs created, including wages, benefits and long-term career trajectories. This principle could be applied to all public and ratepayer investments to ensure that the jobs created result in middle-class careers. Policymakers should also enhance access for workers from disadvantaged communities to the entry-level jobs that are created. The current lack of clarity on jobs goals and how to measure them will impede a sound assessment of the trade-offs inherent in policy decisions.

### *Recommendation*

Public and ratepayer investments should set explicit goals for the quantity and quality of jobs created and the demographic and geographic distribution of workers, particularly those in entry-level jobs, based on realistic investment and job projections. Performance metrics and job reporting requirements should be developed using a common cost-effective state-wide computerized job tracking and labor compliance system<sup>1</sup>. These tracking systems can capture quantity and quality of jobs, as well as location of workers. Location can show the distribution of jobs across the state and, if linked to other data, illustrate the job impacts in disadvantaged communities. The Labor Agency should be assigned to coordinate the development of job goals and metrics and oversee the implementation of job tracking. Job goals and metrics should be aligned with state goals and targets for carbon reduction.

### *2. Contractor Standards and Worker Skill Certifications*

Many of the jobs created through energy efficiency, clean energy and carbon reduction programs will be in the construction industry. These programs should meet the highest standard of quality control in order to maximize carbon reduction and the job benefits of the investments.

### *Recommendation*

Public and ratepayer investments, along with leveraged funds, should explicitly include standards for participating contractors and minimum training and skill standards for workers. A clear tie to high-performing state-certified apprenticeship programs will help assure success in attaining desired carbon reduction goals. As appropriate, carbon reduction programs should coordinate with state-certified apprenticeship to assure specialized skill requirements are met. These should be identified by the Labor Agency, Division of Apprenticeship Standards, with input from the key trade associations who

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<sup>1</sup> Examples of existing products include LCP Tracker <http://www.lcptracker.com/> or Elation Systems <http://www.elationsys.com/elationsys/>

represent contractors eligible for this work as well as representatives from labor unions representing the affected workforce.

### ***3. Providing Employment for Californians from Disadvantaged Communities***

Public and ratepayer investments sometimes include the goal of training and employing disadvantaged workers such as veterans, youth and workers from communities that suffer disproportionately high unemployment, low educational attainment and other disadvantaged circumstances. Some municipalities and districts have project labor agreements that contain wage floors and local/targeted hire goals which have had success in providing access to career construction jobs for disadvantaged workers, but many do not.

#### ***Recommendation***

State agencies should adopt agreements that establish wage floors, local/targeted hire and career pathways goals for programs and projects that receive public and ratepayer funds. Funds should require support for building training partnerships with local institutions that have a proven track record of placing disadvantaged workers in career-track jobs (such as community colleges, nonprofit organizations, labor management partnerships, state-certified apprenticeship programs, and high school career technical academies). The Labor Agency should help identify the best practice local/targeted hire policies and programs and incorporate them in statewide program design and implementation.

### ***4. Training Investments, Performance Goals, and Data Tracking for Training***

Public and ratepayer investments with job creation goals sometimes require that a portion of the funding be dedicated to workforce training but do not always provide guidance or performance requirements. Recent experiences with ARRA-funded California green jobs training initiatives showed that, while many programs had low job placement rates, those programs with strong pre-existing links with employers and state-certified apprenticeship programs were very successful in placing trainees in career-track jobs.<sup>2</sup> The 2011 California Workforce Education and Training Needs Assessment<sup>3</sup> carried out by UC Berkeley, as well as other studies, document the importance of employer commitment and effective pipelines into career-track jobs extensively.

#### ***Recommendation***

If public and ratepayer investments fund job training, the allocation of these funds should align with the rest of the state's workforce development investments including the state-certified apprenticeship system and employer-driven community college programs, and follow the guidelines laid out here and

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<sup>2</sup> 2012, Final Report for the California Clean Energy Workforce Training Program, Employment Development Department, Contract Agreement Number: 180-09-001.

<sup>3</sup> Zabin et al (2011), [www.irle.berkeley.edu/vial/](http://www.irle.berkeley.edu/vial/)

in AB 554<sup>4</sup>. This will help improve the job placement rate for training graduates, and avoid unnecessary duplication and competition among training programs. Funds should be available for program development as well as for actual training. Training investments should also support local/targeted hire goals by preparing a pool of entry-level workers for employment on projects that receive public and ratepayer funds, and be tied closely to real-time job projections/labor market information.

Priority training investments should include the following features:

- Training for specific skills related to energy efficiency and clean energy should be embedded in or linked to a broader occupational training program, and not a stand-alone training that only addresses specialized energy efficiency and clean energy tasks. Broad occupational training prepares workers for a long-term career and leads to increased energy efficiency savings and clean energy generation.
- Training for incumbent workers should include upskilling for new technologies and standards.
- Training should lead to industry-recognized credentials and certifications that, to the extent possible, provide college credit or are linked to credit-bearing programs.
- Training should expand the utilization of state-certified apprenticeship programs and other “learn-and-earn” models that promote industry-recognized skills and credentials.
- Training programs should demonstrate a high probability that trainees will be placed into jobs including, where possible, specific commitments by employers.
- Applicants for training investment funds should be required to provide matching funds to assure commitment to achieve the desired goals.
- Regional partnerships and alignment of resources and programs among Local Workforce Investment Boards, employers, organized labor, K-12, Community Colleges, community-based organizations and other stakeholders should be prioritized in order to achieve program efficiencies, leverage resources, and avoid duplication of services.

All public and ratepayer investments that include funding for training should be allocated through an RFP or similar process whose development, review, and selection is carried out by an inter-agency committee that includes the Labor Agency, along with others. Performance goals and tracking systems should be developed for training investments that include number of workers trained, number of training completions, cost of training per worker, number and type of credentials and certificates awarded, number of trainees enrolled in state-certified apprenticeship programs, and number of job placements for trainees, including their wages and benefits, demographic and geographic profile, and retention rates for trainees placed in related employment.

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<sup>4</sup> AB 554 (Atkins, 2011) requires that programs and services funded by the Workforce Investment Act of 1998 and directed to apprenticeable occupations, including pre-apprenticeship training, are conducted in coordination with one or more apprenticeship programs approved by the Division of Apprenticeship Standards for the occupation and geographic area.

## **5. Compliance**

In addition to the enforcement of building codes and standards which are necessary to achieve the full potential of energy benefits and carbon reduction, enforcement of labor policies is necessary to maximize jobs benefits. This includes not only the public works contracting compliance that is already in place, but additional tasks such as oversight on local/targeted hire provisions, that are part of program design.

### **Recommendation**

Public investments should include adequate funding for the Department of Industrial Relations (DIR) to ensure compliance with the public works section of the California Labor Code and related energy programs. Funds should be made available to code authorities to afford them the opportunity to update the recruitment, training and certification of building system inspectors.

DIR oversees public works projects through the Division of Labor Standards Enforcement and the Office of Policy, Research and Legislation. DIR has developed an on-line application (PWC-100) to capture critical data for compliance monitoring and apprenticeship purposes. DIR has also developed an online application to capture certified payroll record data for projects containing state construction bond funding. Additional funding should enhance applications to capture local/targeted hiring data which is critical in the evaluation of the local/targeted hiring goals established by the California Workforce Investment Board.

## **6. Program Evaluation**

Evaluation of the jobs and workforce development outcomes of public and ratepayer-funded programs is critical to insure accountability and improve program performance as necessary.

### **Recommendation**

Programs funded through public and ratepayer investments should be required to conduct a process evaluation to review and assess whether the program elements are working, identify problems and barriers, and develop solutions to improve program performance.

Public and ratepayer funding should also require an outcome evaluation at the end of the program to evaluate whether the program met jobs and workforce development goals. The outcome evaluation should compile and evaluate the performance goals and metrics previously outlined, including:

- Quantity and quality of jobs created, including wages and benefits, and the demographic and geographic profile of workers, particularly those in entry-level jobs.
- Number of workers trained, number of training completions, cost of training per worker, number and type of credentials and certificates awarded, number of trainees enrolled in state-certified apprenticeship programs, and number of job placements for trainees, including their

wages and benefits, demographic and geographic profile, and retention rates for trainees placed in related employment.

## **PROGRAM ELEMENTS: JOB LOSS**

### ***1. Transition Assistance for Adversely-Impacted Incumbent Workers***

As California transitions to cleaner sources of energy, workers in carbon-intensive industries, and those in sectors dependent on these industries, may be at higher risk of losing their jobs. Given that industries at high risk for “leakage”<sup>5</sup> will receive free allowances<sup>6</sup>, job loss in these industries may be very small. But if workers do lose their jobs, some are likely to face severe economic hardship. This is true because carbon-intensive industries have a high concentration of well-paying unionized manufacturing jobs, tend to be staffed by an aging workforce, and may be the best employer in their local area, all of which present challenges for finding comparable work for displaced workers.

The U.S. has a long history of investing in transition assistance programs, including the Trade Adjustment Assistance (TAA) program passed as part of the Trade Expansion Act of 1962. While the specifics of the program have fluctuated over the years, the primary goal is to assist workers in finding jobs with relatively equal pay and benefits by providing services such as income support, retraining and relocation support.

### ***Recommendation***

It is critical for the State, via the Labor and Workforce Development Agency, to help adversely-impacted incumbent workers transition to new, equivalent work and provide a bridge to retirement for a limited number of older workers, when retraining and finding a new job may not be viable<sup>7</sup>.

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<sup>5</sup> Leakage refers to a reduction in emissions of GHGs within the State that is offset by an increase in emissions of GHGs outside the State. AB 32 requires ARB to design measures to minimize leakage to the extent feasible.

<sup>6</sup> California Air Resources Board, *Cap-and-Trade Program: Emissions Leakage Research and Monitoring* (July 30, 2012) <http://www.arb.ca.gov/cc/capandtrade/meetings/073012/emissionsleakage.pdf>

<sup>7</sup> For a framework for displaced worker program design and implementation, see Apollo Alliance and Cornell University ILR School Global Labor Institute, *Making the Transition: Helping Workers and Communities Retool for the Clean Energy Economy* (2009) [http://www.climatechange.ca.gov/eaac/comments/2009-12-11\\_California\\_Labor\\_Federation\\_attachment\\_2.pdf](http://www.climatechange.ca.gov/eaac/comments/2009-12-11_California_Labor_Federation_attachment_2.pdf)

## About the California Green Collar Jobs Council

The Green Collar Jobs Council, a committee of the California Workforce Investment Board, is tasked with understanding the current and future workforce needs of the green/clean economy and advising on policy and program implementation to improve outcomes for California's workers. The Council developed these recommendations to outline a common approach to workforce development and job creation for California's multiple investments in clean energy and carbon reduction programs.

For more information, visit: [http://www.cwib.ca.gov/sc\\_green\\_collar\\_jobs\\_council.htm](http://www.cwib.ca.gov/sc_green_collar_jobs_council.htm)

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