

Date of Hearing: May 12, 2021

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Lorena Gonzalez, Chair

AB 680 (Burke) – As Amended May 3, 2021

Policy Committee:	Labor and Employment	Vote:	5 - 1
	Natural Resources		8 - 0

Urgency: No State Mandated Local Program: No Reimbursable: No

SUMMARY:

This bill requires the Labor and Workforce Development Agency (LWDA) to work with the Air Resources Board (ARB) to update funding guidelines by July 1, 2023, to ensure all grant applicants for programs funded by AB 32 cap-and-trade revenues (Greenhouse Gas Reduction Fund (GGRF)) meet certain labor and procurement policies. Specifically, this bill:

- 1) Requires applicants to meet fair and responsible employer standards, pay prevailing wage and practice inclusive procurement policies. Applicants seeking over \$1 million in funding for construction projects must also secure a community workforce agreement.
- 2) Requires all agencies administering GGRF grant programs to give preference to applicants demonstrating high-quality jobs will be created and to applicants partnering with an education or training program that targets residents of disadvantaged, tribal and low-income communities in the project region.
- 3) Requires administering agencies to work with LWDA to guide applicants that do not meet the new standards on how to improve future grant applications.
- 4) Exempts applicants for projects that involve federal funding, technical assistance and research from these requirements.

FISCAL EFFECT:

- 1) Costs of approximately \$160,000 annually to LWDA, including the California Workforce Development Board (CWDB), to work with ARB to update funding guidelines and provide additional guidance to applicants that do not meet labor and procurement policies (GGRF).
- 2) Ongoing annual ARB costs of approximately \$390,000 to update funding guidelines in collaboration with the LWDA and revise internal systems to track and report compliance with new labor and procurement standards (GGRF).

COMMENTS:

- 1) **Purpose.** According to the author, California's progress in combating climate change is laudable, but outcomes have been inconsistent as evidence shows wealthy communities benefit the most from the state's climate investments. The author notes this bill's provisions follow recommendations from a CWDB report to "ensure equity and inclusion are considered on the front end of applications, rather than as an afterthought with a funding set aside, while

incenting applicants to site projects in areas that have traditionally been excluded from the wider economic prosperity of our state.”

- 2) **Commitment to a Just Transition.** AB 398 (E. Garcia), Chapter 135, Statutes of 2017, required the CWDB to submit a report to the Legislature outlining a vision for integrating economic and workforce development into major climate policies and programs to help achieve the state’s major climate goals. The finalized June 2020 report included recommendations for a just transition, integrated policy approaches offering protection, support and compensation for displaced workers and communities in specific industries or regions that lack overall economic diversity. The Governor’s Executive Order N-79-20, issued September 23, 2020, directed LWDA and the Office of Planning and Research to develop a Just Transition Roadmap by July 15, 2021, consistent with the recommendations in the AB 398 report, and expeditiously implement the roadmap.

However, a February 2021 Bureau of State Audits report found that ARB has not done enough to measure the economic benefits and jobs created by its programs, especially in disadvantaged and low- and moderate-income communities. The audit identified four key recommendations to better measure whether ARB programs are meeting climate change goals, most notably: (a) establish a process to identify overlap between incentive programs with similar objectives and develop metrics to demonstrate socioeconomic benefits from each program, and (b) make funding and program design recommendations based on which programs produce socioeconomic benefits and at what cost. AB 680 seeks to build on these recommendations by requiring GGRF grant applicants to meet baseline labor and procurement standards and prioritizing projects documenting high-quality job creation and training in marginalized communities.

- 3) **Related Legislation.** AB 794 (Carrillo) establishes labor and workforce standards that a manufacturer or fleet purchaser of new vehicles must meet to qualify for clean vehicle incentive programs. AB 794 is pending hearing in this committee.

AB 1453 (Muratsuchi) establishes the Just Transition Advisory Commission, tasked with developing and adopting a Just Transition Plan, containing recommendations to transition the state to a climate-resilient and low-carbon economy while protecting specified workers and communities. AB 1453 is pending hearing in this committee.

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