

Date of Hearing: April 8, 2021

ASSEMBLY COMMITTEE ON LABOR AND EMPLOYMENT

Ash Kala, Chair

AB 680 (Burke) – As Introduced February 12, 2021

SUBJECT: Greenhouse Gas Reduction Fund: California Just Transition Act

SUMMARY: Enacts the California Just Transition Act (CJTA) which requires the Labor and Workforce Development Agency (LWDA) to update, by July 1, 2023, the funding guidelines for administering agencies to ensure that all applicants to grant programs funded by the Greenhouse Gas Reduction Fund (GGRF) meet fair and responsible employer standards and provide inclusive procurement policies. Specifically, **this bill**:

- 1) Requires applicants to have fair and responsible employer standards, defined as documented compliance with applicable labor laws and labor-related commitments concerning wages, workplace safety, and rights to association and assembly, and nondiscrimination standards.
- 2) Requires applicants to have inclusive procurement policies, defined as applicant procurement policies that prioritize bids from entities that demonstrate the creation of high-quality jobs or the creation of jobs in disadvantaged, tribal, and low-income communities, or both the creation of high-quality jobs and creation of jobs in those communities.
 - a) Defines a high-quality job as a job that facilitates economic mobility by providing retirement benefits, vacation and sick leave, training opportunities, and wages at or above the average median wage of a region.
 - b) Defines disadvantaged communities as:
 - i) Areas disproportionately affected by environmental pollution and other hazards that can lead to negative public health effects, exposure, or environmental degradation.
 - ii) Areas with concentrations of people that are of low-income, high unemployment, low levels of homeownership, high rent burden, sensitive populations, or low levels of educational attainment.
- 3) Requires paying the prevailing wage for any construction work funded in part or in full by the grants.
 - a) Defines prevailing wage as the basic hourly rate paid on public works projects to a majority of workers engaged in a particular craft, classification, or type of work within the locality of a project and in the nearest labor market area.
- 4) Requires administering agencies to give preference to applicants that demonstrate a partnership with an educational institution or training program targeting residents of disadvantaged, tribal, and low-income communities in the same region as the proposed project.
 - a) Defines administering agencies as state agencies administering grant programs funded by moneys from the GGRF.

- 5) Requires administering agencies to give preference to applicants that demonstrate that jobs created through the proposed project will be high-quality jobs.
- 6) Provides an exemption to applicants for projects that involve federal funding, technical assistance, and research.
- 7) Specifies that applicants are responsible for ensuring any contractors employed on the project funded meet the standards the applicant outlines in their project application.
 - a) Defines contractor as any person who renders service for a specified recompense for a specified result, under the control of his principal as to the result of his work only and not as to the means by which such result is accomplished.

EXISTING LAW:

- 1) Establishes the California Global Warming Solutions Act (Act) of 2006, which requires California to reduce its Greenhouse Gas (GHG) emissions to 1990 levels by 2020, as specified.
- 2) Requires the California Air Resources Board (Board) to adopt rules and regulations in an open public process to achieve the maximum technologically feasible and cost-effective greenhouse gas emission reductions, as specified.
- 3) Authorizes the Board to adopt market-based compliance mechanisms, as defined, meeting specified requirements.
- 4) Requires the Board to monitor compliance with and enforce any rule, regulation, order, emission limitation, emissions reduction measure, or market-based compliance mechanism adopted by the Board, pursuant to specified provisions of existing law.
- 5) Authorizes the Board to adopt a schedule of fees to be paid by regulated sources of greenhouse gas emissions, as specified.
- 6) Requires that all moneys except for fines and penalties, collected from the auction or sale, pursuant to a market-based compliance mechanism to be deposited in the GGRF for appropriation by the State Legislature.
- 7) Requires state agencies, prior to expending any moneys from the GGRF appropriated by the Legislature to prepare a record consisting of the following:
 - a) A description of each expenditure proposed to be made by the state agency pursuant to the appropriation.
 - b) A description of how a proposed expenditure will further the regulatory purposes of the Act.
 - c) A description of how a proposed expenditure will contribute to achieving and maintaining greenhouse gas emission reductions.
 - d) A description of how the state agency considered the applicability and feasibility of other nongreenhouse gas reduction objectives.

- e) A description of how the state agency will document the result achieved from the expenditure.

FISCAL EFFECT: Unknown

COMMENTS: Note: This bill is double referred to the Assembly Natural Resources Committee upon passage out of this Committee.

According to a February 2021 report by the California State Auditor, the Board has been slow to measure the jobs its programs create or support, and it has done little to measure the benefits of the job-training activities that its own guidelines require.

Despite requirements since 2015 in both state law and the Board's own funding guidelines that cap- and- trade programs must encourage job creation, the Board only began formally collecting information related to jobs in 2019. Additionally, despite clear language in its funding guidelines that programs should also support on- the- job training and clear requirements for reporting the outcomes of that training, the Board has not always collected detailed information about such training or its participants.

In order to remedy the Board's lack of data collection regarding jobs, the State Auditor has recommended that by August 2021, the Board should begin collecting data on the jobs produced by each of its incentive programs. The State Auditor has also recommended that where needed, the Board should pursue amendments to its agreements with its program administrators to make reporting this information mandatory and include an analysis of this jobs data in its annual reports to the Legislature beginning in 2022.

According to the author, "California has been a global leader in combating climate change. From energy efficiency upgrades to transportation decarbonization to renewable resources generation, California has led the way in aggressive emissions reductions all while rising to be the 5th largest economy in the world.

While this progress is laudable, its outcomes have been inconsistent, and a great deal of evidence shows wealthy communities benefit the most from the state's climate investments. According to a report published last June by UCLA's California Center for Sustainable Communities, affluent communities have a far greater ability to access existing programs and incentives. A separate report published in the Transportation Research Record evaluating the Clean Vehicle Rebate Project concluded that 83% of rebate recipients had annual incomes of \$100,000 or more.

Additionally, despite numerous statutory requirements to maximize the socioeconomic benefits of our climate investments, the State Auditor, just last month, released a report detailing the Air Resources Board's limited collection and analysis of data regarding job creation and benefit outcomes. The California Workforce Development Board's recently published report *Putting California on the High Road: A Jobs and Climate Action Plan for 2030* documents the potential for jobs of the carbon neutral economy to be low-wage with limited upward advancement, a finding supported by the State Building and Construction Trades Council report titled *Would Green Jobs Offset Those Lost from a Phase-Out of Oil and Gas Production*.

AB 680 addresses these shortcomings by requiring grant applicants for GGRF funding to document high-quality job creation in disadvantaged and low-income communities while

prioritizing applications that demonstrate partnerships with local educational institutions and training partnerships that target residents of marginalized communities.”

Prior Legislation

AB 398 (E. Garcia) Chapter 135, Statutes of 2017 required the CWDB to publish a report outlining recommendations on workforce development and training to help communities adapt to the economic and labor-market changes resulting from California’s transition to a carbon neutral economy.

AB 2722 (Burke) Chapter 371, Statutes of 2016 established the Transformative Climate Communities Program (TCC) administered by the Strategic Growth Council to disburse grants for projects that include multiple, coordinated GHG emissions reduction efforts that provide local economic, environmental, and health benefits to DACs.

SB 535 (De León) Chapter 830, Statutes of 2012 among other things, directed administering agencies to develop guidelines on maximizing benefits for disadvantaged communities (DAC) for GGRF grants and set aside 25% of those funds for DACs.

AB 32 (Nuñez) Chapter 488, Statutes of 2006 created the California Global Warming Solutions Act of 2006.

REGISTERED SUPPORT / OPPOSITION:**Support**

None on file.

Opposition

None on file.

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