

Docket # 12-EBP-1
California Energy Commission
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Comments on Docket Number 12-EBP-1 “Comprehensive Energy Efficiency Program for Existing Buildings Draft Action Plan (AB758)”

Dear Commissioners and Staff:

These comments are respectfully submitted in response to the Draft Action Plan and focus on the workforce issues addressed in the Plan. We thank the Commission and CEC staff for the substantial work they have carried out to develop this plan and for the opportunity to comment.

Critique of Draft Action Plan

In our opinion, the Draft Action Plan needs substantial revision to adequately address the jobs and workforce development issues related to AB 758. We deeply appreciate the recognition by the Commission of the importance of workforce and jobs issues and the commitment to contribute to state-wide collaboration in this arena. However, in the workforce area, the Draft Action Plan does not articulate a detailed role and set of action steps for the CEC and remains a high level discussion rather than a plan. This is of concern because substantial progress has been made in multiple arenas in identifying specific workforce and jobs strategies and action steps, but this progress is not reflected in the Draft Action Plan. For example, the Draft Action Plan does not incorporate many of the specific ideas and approaches articulated in the AB 758 Staff Scoping Report, Chapter 3, which we largely support; or many of the comments provided in the public record by stakeholders and by appointed officials in the California Labor and Workforce Development Agency (Labor Agency). Finally the Draft Action Plan does not incorporate recent inter-agency and other discussions of how to specifically link workforce development and jobs issues with carbon reduction policies and public investment strategies. We urge that the Final Plan go beyond a very high level discussion and identify specific goals, CEC action steps, and policy and program tools (and funding) to achieve them.

We support and appreciate the Draft Action Plan’s emphasis on the importance of aligning with other entities involved in training, but do not understand what the CEC will actually do or what specific plans by other agencies it is endorsing (or giving direction to). Workforce training initiatives should be led by our state workforce development agencies in the California Labor Agency and our public higher education institutions, and in particular, the California Workforce Investment Board (CWIB), which is charged with strategic planning for workforce development in the state.

The CWIB and its Green Collar Jobs Council have emphasized the importance of the state-certified apprenticeship system but the Draft Action Plan makes no mention of this key workforce development partner. This oversight occurred even after comments and discussion by Labor Agency officials, as well as stakeholder comments, including our own. We repeat that support for and partnership with this system is an untapped strategic opportunity for achieving high quality work and performance in commercial and public building retrofits. The state-certified apprenticeship system has the best record in training skilled construction trades workers, as measured by the highest number of graduates and job placements, and the longest and most in-depth on-the-job and classroom training programs, the greatest amount of leveraged private industry funding, and other success indicators¹.

Suggestions for Components and Action Plan for Final Scoping Plan

The Final Action Plan should set forth clear workforce goals and action steps, and identify the policy tools, programs, and funding to carry these out.

We suggest that the CEC emphasize its recognized role in encouraging, shaping, and regulating investments in building retrofits, and use this role to promote the goal of developing and supporting a skilled workforce in the key occupations that carry out building retrofits.

Specifically, we suggest the CEC expand its role in settings standards by identifying and requiring contractor qualifications and worker skill certifications. This is not a new role for the CEC, as it has required certifications for various types of auditors, raters, and quality assurance personnel, including HERS raters, Energy Upgrade contractors, and acceptance testing personnel. This type of personnel certification requirement sends clear signals to the training community about what training has value, and to employers, about what types of workers to recruit, retain, and support.

This strategy is proposed in Voluntary Pathway 3.4 in the initiative to promote voluntary certifications, which we support. In a similar vein, we support the Draft Action Plan's NR 4.1 Initiative #2 (p. 35), which proposes evaluating a long-term strategy to require periodic testing of skills and competency under the California State Licensing Board requirements.

These initiatives can be expanded. We suggest that the promotion of meaningful and high quality worker skill certifications and contractor standards should be a major thrust of the Draft Action Plan for not only the residential programs in VP 3.4 but also the commercial and public sector programs. Requiring worker skill certifications and contractor standards should also be part of the possible mandatory paths, in addition to the voluntary paths.

The CEC should develop, in partnership with the Labor Agency, a process to identify and then incorporate skill standards and contractor qualifications into contracts, incentive programs and

¹ Zabin et al, "California Workforce Education and Training Needs Assessment for Energy Efficiency, Distributed Generation, and Demand Response" (2011)
http://www.irlle.berkeley.edu/vial/publications/ca_workforce_needs_assessment.html.

other public and ratepayer investments in building retrofits. The residential and commercial/public sectors should be treated separately as the markets and skill needs are very different. For the residential sector, the building blocks for this process should include a review of the state's experience with HERS rater certifications, BPI requirements in Energy Upgrade California, NATE and other certifications, and should consider the U.S. Department of Energy skill standard guidelines. For the commercial and public sectors, the building blocks for this process should include the certifications provided by the state through the state-certified apprenticeship programs (already required on public works projects), as well as other certifications already recognized in Building Code acceptance testing, such as CALCTP and the set of mechanical trade certifications.

In addition to contractor and worker certifications, the CEC should review contracting models to insure that they are compatible with worker and contractor requirements, and be amenable to their implementation and enforcement. We are concerned with the apparent adoption of the Job Order Contracting model as the preferred contracting model without evaluating the risks as well as potential benefits. Contracting models impact the types of businesses that are encouraged, the level of training investments that employers can make, the wages of workers, and the ability of employers to extend opportunities to workers from disadvantaged communities.

Finally, part of the CEC's role in shaping investment in building retrofits should be to insure that the jobs created with the support of funds provided or regulated by the state be decent, career track jobs. In the public sector, prevailing wage laws provide this assurance, and in other sectors, particularly the residential sector, we should insure that retrofit work, particularly that supported by state and ratepayer investment, provides good jobs.

We agree, as suggested in the Draft Action Plan, that the CEC can also help promote high quality work by working with the major state institutions that provide, fund, or regulate training in key occupations involved in energy efficiency. We cite our previous comments on the AB 758 Scoping Report, submitted on October 23, 2012: "All planning and investing in the workforce development arena by the CPUC, the IOUs and the CEC should be carried out in coordination with the California Labor and Workforce Development Agency, under some kind of an inter-agency advisory committee that includes the California Workforce Investment Board, the Division of Apprenticeship Standards, the Department of Industrial Relations, the Employment Training Panel, and the system-wide offices of community colleges, California State University and University of California. The Green Collar Jobs Council may be a good forum for this effort."

In addition to its role in shaping investment in retrofits, the CEC can make a valuable contribution by partnering with the state's workforce development institutions. Specific actions could include providing expertise and research on how policies and investments will shape labor demand and on worker skill standards and certifications and contractor qualifications that are required for high performance building retrofits. It could include participating in the development of RFPs or other solicitations for training programs, helping to review and select proposals, submitting collaborative federal grant applications, and other collaborative activities. The CEC's expertise and pro-active support for high standards is an

essential ingredient in the strategy. We urge the CEC, in consultation with its partners, to set specific goals and spell out specific action steps for the Final Action Plan.

Finally, we attach the current CWIB draft proposal for a common set of program elements to address the jobs and workforce issues related to the various energy efficiency and clean energy programs in California. We hope the CEC considers these program elements in their Final Action Plan.

We appreciate this opportunity to comment and look forward to working the CEC and other stakeholders as AB 758 implementation moves forward.

Sincerely,

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Proposed Jobs and Workforce Development Program Elements for Carbon Reduction Investments in California

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 \$1.5 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), the California Workforce Investment Board (CWIB), and their partners have extensive experience with effective and collaborative approaches to economic and workforce development, and can provide expertise and resources to the state energy and environmental agencies involved in energy efficiency, clean energy, and carbon reduction programs. The guidelines in this document are intended as a starting point for discussion about program elements that should be considered to ensure good jobs and workforce development outcomes from state investments to reduce greenhouse gas emissions in a variety of industries across the state.

PROGRAM ELEMENTS: JOB GROWTH

1. Performance Goals and Data Tracking for Jobs

Issue

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 not only the quantity of jobs, but also their quality in terms of wages, benefits and long-term career trajectories. This principle could be applied to all public and ratepayer investments to ensure that the jobs created do not result in low-wage, dead-end work. Policymakers should also consider 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 system¹. These tracking systems can capture quantity and quality of jobs, as well as zip codes of workers. Zip codes 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.

2. Contractor Standards and Worker Skill Certifications

Issue

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 energy and jobs benefits of the investments. The lack of skill certification requirements in the construction sector has led not only to quality problems but also results in confusion about what training is actually needed.

Recommendation

¹ Examples of existing products include LCP Tracker <http://www.lcptracker.com/> or B2G <http://www.b2gnow.com/index.asp>

Public and ratepayer investments, along with leveraged funds, should explicitly include standards for participating contractors and minimum training and skill standards for workers. As appropriate, specialized skill certifications should be required for key tasks. These should be identified by the Labor Agency along with other agencies, with input from the key trade associations who represent contractors eligible for this work.

3. Providing Employment for Californians from Disadvantaged Communities

Issue

Public and ratepayer investments sometimes include the goal of training and employing disadvantaged 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 local/targeted hire goals which have had success in providing access to career construction jobs for disadvantaged workers, but many do not.

Recommendation

Public and ratepayer funds should be subject to existing project labor agreements with local/targeted hire goals. In municipalities and districts without such agreements, funds should require adoption of a project labor agreement with local/targeted hire goals and 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

Issue

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.² The 2011 California

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

Workforce Education and Training Needs Assessment³ 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 in AB 554⁴. 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 planning and partnership 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.

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 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-approved 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.

All cap-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

³ Zabin et al (2011), www.irle.berkeley.edu/vial/

⁴ 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.

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.

5. Compliance

Issue

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 and ratepayer investments should include adequate funding for the Department of Industrial Relations Compliance Monitoring Unit to ensure compliance with the public works section of the California Labor Code and related energy programs.

6. Program Evaluation

Issue

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

7. Transition Assistance for Adversely-Impacted Incumbent Workers

Issue

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”⁵ will receive free allowances⁶, 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 viable⁷.

⁵ 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.

⁶ 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>

⁷ 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