

Date of Hearing: May 11, 2022

ASSEMBLY COMMITTEE ON APPROPRIATIONS
Chris Holden, Chair
AB 2204 (Boerner Horvath) – As Introduced February 15, 2022

Policy Committee:	Labor and Employment	Vote:	5 - 0
	Utilities and Energy		13 - 1

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

SUMMARY:

This bill establishes, until December 31, 2045, the Office of Clean Energy Workforce (Office) within the Labor and Workforce Development Agency (LWDA) to oversee California’s transition to a sustainable and equitable carbon neutral economy. Specifically, this bill:

- 1) Requires the Office to coordinate with relevant state agencies to track the progress of the state’s movement toward a 100% clean energy goal, create programs to retrain and upskill workers for clean energy jobs and support the transition of the fossil-fuel based workforce, which includes addressing pay differentials, planning the physical relocation of people to other areas of the state with clean energy jobs and assessing early retirement options and pension funding issues. The Office must submit an annual progress report to the Legislature beginning January 1, 2024.
- 2) Establishes the Clean Energy Workforce Board (Board) within LWDA to oversee the Office. Upon appropriation, the Board must approve and allocate funds for the administration of the Office, which includes addressing pay differentials between transitioning fossil fuel-based workers and clean energy workers, supporting the relocation, early retirement or pension funding shortfalls of fossil fuel-based workers and seeking non-state funds to support the Office’s work.

FISCAL EFFECT:

- 1) General Fund (GF) or Greenhouse Gas Reduction Fund (GGRF) costs of an unknown, but definitely significant amount, in excess of \$150,000, to LWDA to establish the Office and Board and execute specified duties. The author is requesting an appropriation to fund the Board and Office in the 2022-23 state budget.
- 2) GF or GGRF cost pressures of an unknown, but definitely significant amount, in the high millions of dollars, to implement this bill’s requirement that the Office support the transition of the fossil-fuel based workforce by addressing pay differentials, planning the physical relocation of people to other areas of the state with clean energy jobs and assessing early retirement options and pension funding issues.

COMMENTS:

- 1) **Purpose.** According to the author, this bill “keeps California leading on moving away from fossil fuel dependence and to a carbon-neutral future by creating the [Office]” in light of the

climate crisis's escalating impacts. The author intends the Office and Board to "ensure the transparency and accountability that renewable projects are being built, the workforce is prepared, and that we will, in fact, be able to meet our ambitious climate goals." This bill is supported by the California Environmental Voters.

- 2) **Commitment to a Just Transition.** AB 398 (E. Garcia), Chapter 135, Statutes of 2017, required the California Workforce Development Board (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. According to the Assembly Utilities and Energy Committee's analysis of this bill, the Just Transition Roadmap is still forthcoming and targeted for release this summer.

The Governor's proposed 2022-23 state budget requests a \$15 million one-time appropriation to support a workforce training pilot program for displaced oil and gas workers as legacy oil infrastructure is remediated. The Governor's proposal also requests a \$50 million one-time appropriation for a pilot program to address the needs of oil and gas workers facing displacement. Lastly, the Governor's proposal requests \$60 million over three years to restart the CWDB's Low Carbon Economy Workforce grant program. This bill creates a new, standalone Office and Board primarily focused on workforce transition issues. The author intends this bill to ensure longer-term stability and transparency for any current and proposed workforce training efforts.

- 3) **Prior Legislation.** AB 680 (Burke), Chapter 746, Statutes of 2021, required GGRF funding guidelines to be updated to ensure all grant program applicants meet fair and responsible employer standards, have inclusive procurement policies and pay prevailing wage.

AB 1453 (Muratsuchi), of this Legislative Session, establishes the Just Transition Advisory Commission within LWDA to develop and adopt 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 was held on this committee's Suspense file.

Analysis Prepared by: Irene Ho / APPR. / (916) 319-2081