
SENATE COMMITTEE ON LABOR, PUBLIC EMPLOYMENT AND RETIREMENT
Senator Lola Smallwood-Cuevas, Chair
2025 - 2026 Regular

Bill No: AB 2157 **Hearing Date:** June 17, 2026
Author: Connolly
Version: May 18, 2026
Urgency: No **Fiscal:** Yes
Consultant: Jazmin Marroquin

SUBJECT: Workforce development: Displaced Oil and Gas Worker Pilot Program: extension

KEY ISSUE

This bill removes the July 1, 2027, sunset date for the Displaced Oil and Gas Worker Pilot Program, making the program permanent.

ANALYSIS

Existing law:

- 1) Establishes the Employment Development Department (EDD) within the LWDA. EDD is responsible for, among other duties, job creation activities and administering unemployment and disability insurance coverage and benefits. (Unemployment Insurance Code §301)
- 2) Establishes the Displaced Oil and Gas Worker Pilot Program, to be administered by EDD, for the purpose of addressing employment dislocations associated with oil, gas, and related industries, only until July 1, 2027, and after that date is repealed. (Unemployment Insurance Code §§9920 – 9925)
 - a) Defines the following:
 - i) “Department” means the Employment Development Department.
 - ii) “Program” means the Displaced Oil and Gas Worker Pilot Program.
 - iii) “Qualified applicant” means a public or private nonprofit organization, local workforce development area, education and training provider, tribal organization, faith-based organization, or community-based organization. “Qualified applicant” does not include an individual applicant.
 - iv) “Target population” means individuals who are transitioning or have been displaced from the oil, gas, and related industries.
- 3) Requires EDD to award grants to qualified applicants on a competitive basis using funds to be appropriated by the Legislature for purposes of the program. (Unemployment Insurance Code §9922)
 - a) Requires EDD to accept grant applications from qualified applicants. The grant application must identify a lead applicant who will be deemed the fiscal agent responsible for reporting and monitoring.
 - b) Requires EDD to develop criteria for the selection of grant recipients that include, but are not limited to, all of the following:

- i) Demonstrated experience working to ensure populations who have been dislocated from the labor market have access to quality jobs in their regions, with an emphasis on those transitioning or displaced from the oil, gas, and related industries.
 - ii) Capacity to provide services to target populations and provide evidence of this capacity.
 - iii) Experience in providing services, consistent with the objectives of the program, to the target population.
 - iv) Support from partner entities includes, but is not limited to, local workforce development areas, education and training providers, tribal organizations, employers and faith-based organizations, business-based, labor-based organizations, including labor-management partnerships and labor-community partnerships, cultural-based organizations, and services-based organizations.
 - v) The specific purpose and goals of the grant award, the roles and responsibilities of the lead applicant and partner entities, a discussion of how funds will be used and success will be measured, the number of individuals who will be served, and the services to be provided to these individuals. Documentation must be included to demonstrate that each partner entity has agreed to the activities in the grant proposal.
 - vi) A description of how the grant proposal is designed to complement the work of, and integrate the individuals being served with, the broader workforce, education, and employment system within the proposed service area, and evidence that the proposal incorporates innovative strategies or proven practices for service delivery that will create pipelines to quality jobs, including temporary job creation, and income security for workers with an emphasis on career pathway programs aligned with regional labor market needs.
- c) Requires funding awarded for training to meet the requirements of high road, as specified.
- 4) Specifies criteria that grant recipients will be evaluated and requires EDD to procure a technical assistance and evaluation contractor to convene communities of practice to identify and help replicate evidence-based practices and to help facilitate an assessment and evaluation of grant performance and program success, as specified. (Unemployment Insurance Code §9923)
- 5) Specifies that eligible activities for the program and grant funds include, but are not limited to, all of the following: (Unemployment Insurance Code §9924)
- a) Labor market information.
 - b) Career exploration activities.
 - c) High school diploma and GED acquisition.
 - d) Skills and vocational training that aligns with regional labor market needs.
 - e) Work-based learning, transitional jobs, internships, on-the-job training, work experience, preapprenticeship, and apprenticeships.
 - f) Stipends for trainees.
 - g) Mentoring.
 - h) Other remedial education and work readiness skills.
 - i) Supportive services.
 - j) Entrepreneurial training and support for small business development.
 - k) Activities undertaken, as specified.

This bill:

- 1) Extends the Displaced Oil and Gas Worker Pilot Program, as specified, indefinitely by removing the July 1, 2027, sunset date.
- 2) Specifies that the Legislature finds and declares the following:
 - a) The economic threats facing oil and gas workers are immense as refineries shut down across the state.
 - b) In 2020 and 2021, the closure of Marathon’s Martinez Refinery and the closure of the Phillips 66 Santa Maria Refinery displaced over 600 full-time workers and between 250 and 2,500 contract workers.
 - c) More than 300 full-time workers experienced layoffs after the Phillips 66 refinery closure in Los Angeles at the end of 2025.
 - d) Additionally, the Valero Benicia refinery closure in 2026 stands to impact hundreds of additional workers.
 - e) Surveys of impacted workers reveal that, more than a year after their layoffs, many remain unemployed or underemployed and struggle to pay basic bills.
 - f) Oil and gas workers are best positioned to understand the needs of impacted communities and craft effective responses.
- 3) Specifies that it is the intent of the Legislature to do both of the following:
 - a) Provide urgent and practical solutions for oil and gas workers to remain full and active participants in California’s economy as an increasing number face industry closure and layoffs.
 - b) Establish a program that will provide the comprehensive approach needed to successfully transition workers into new, secure, high-skill careers, while maintaining economic stability for workers, their families, and their communities.

COMMENTS**1. Background:***Displaced Oil and Gas Worker Pilot Program*

In 2022, the Legislature created the Displaced Oil and Gas Worker Fund (DOGWF), a program grant administered by EDD and funded by a one-time allocation of \$36.5 million in the 2022 Budget Act (SB 191, Ch. 67, Statutes of 2022). The fund was established until July 1, 2027, and without any further action from the Legislature would be repealed.

The grant was set up to address the needs of displaced workers in the oil and gas industry. The program aims to support workers transitioning into sectors that match their skills and expertise and offers comparable wages. These industries include renewable energy, high-technology, construction, advanced manufacturing, nanotechnology, and other high-growth, high-wage certificated jobs. Programs supported by these grants will not only provide training and job opportunities but may also facilitate general support services for workers during their transition into new stable roles that offer long-term growth potential. Eligible applicants for grants include public and private non-profit organizations, local workforce development areas, education and training providers, community-based organizations (CBOs) and faith-based organizations, and labor organizations.

Since 2022, five grants were awarded, totaling around \$28 million in Kern County, Contra Costa County, and Los Angeles County.¹² As noted by the Assembly Labor Committee, to date, 518 individuals have benefited from these grants. The goal is to help over 1,700 individuals. Overall, about 27.7 million dollars has been awarded and of that, 4.8 million dollars has been spent by the awardees.

2. Need for this bill?

According to the author, “As California and the global economy shifts away from oil and gas production - both extraction and refining – operational closures have displaced thousands of workers throughout the state. In 2020 and 2021, the Marathon refinery closure in Martinez and the Phillips 66 refinery closure in Santa Maria displaced over 600 full-time workers and between 250 and 2,500 contract workers. In October of 2024, the Phillips 66 Refinery in Carson announced its plan to close by the 4th quarter of 2025, with approximately 900 employees and contractors expected to lose their jobs. Additionally, Valero refineries in both Benicia and Wilmington have announced their closures in 2026.

In 2022, Senate Bill (SB) 191 established the Displaced Oil and Gas Worker Fund (DOGWF) pilot program under the administration of Employment Development Department (EDD). The program received \$36.5m in general fund dollars to provide grants to help address the needs of displaced workers in the oil and gas sector by supporting them in transitioning into sectors that match their skills, expertise, and offer comparable wages.

Under SB 191, DOGWF sunsets on March 31, 2027. However, due to a delayed Request for Proposal (RFP), grant funds did not get distributed until early 2024. This delay has truncated the time for grant recipients to provide services to workers who face layoffs and pushes recipients to expedite the timeframe to spend grant funding before the program ends. In addition to this issue, the Political Economy Research Institute at the University of Massachusetts Amherst estimates that California will lose approximately 57,600 fossil fuel jobs over the next nine years, with 32,000 to 37,000 workers requiring reemployment, even after accounting for retirements. Consequently, the need for the DOGWF program will continue long into the future, not just past 2027.”

3. Proponent Arguments:

According to the sponsors, the United Steelworkers District 12, “AB 2157 would remove the sunset date of the Displaced Oil and Gas Worker Fund (DOGWF) [...]. This is a critical and time sensitive need, as under current law, DOGWF will sunset in Spring 2027, while refinery closures are projected to continue well into the future.

Established under SB 191, DOGWF is currently the only state program of its kind, providing direct transition support to displaced oil and gas workers. The program has demonstrated

¹“The EDD awards \$26.7 million to provide job training and support services to displaced oil and gas industry workers,” Employment Development Department, 2024.
[https://edd.ca.gov/en/about_edd/news_releases_and_announcements/the-edd-awards-\\$26.7-million-to-provide-job-training-and-support-services-to-displaced-oil-and-gas-industry-workers/](https://edd.ca.gov/en/about_edd/news_releases_and_announcements/the-edd-awards-$26.7-million-to-provide-job-training-and-support-services-to-displaced-oil-and-gas-industry-workers/)

² California Awards Another Grant to Support Displaced Oil and Gas Workers” EDD, 2024.
https://edd.ca.gov/en/about_edd/news_releases_and_announcements/california-awards-another-grant-to-support-displaced-oil-and-gas-workers/

favorable results, with workers having successfully enrolled in training program leading to careers in wastewater treatment, public sector employment, construction, computer technology and other high-demand fields. These outcomes demonstrate that with the right support, experienced workers can transition into high-road careers that sustain families and communities.

The recent closure of the Phillips 66 facility in Wilmington/Carson, CA highlights how our members were only able to begin utilizing DOGWF to attend courses once they lost their jobs. Having to work a modified schedule of 13 days on, one day off, 13 days on, at 12 to 16 hour shifts per shift or, stated differently, working twenty-six out of twenty-seven days, no time was left to focus on nor develop their personal career next steps. This clearly demonstrates that without having a long-term framework in place to assist these highly skilled workers, California risks leaving them behind without the support they need during a crucial period of significant career transition in their lives.”

4. Opponent Arguments:

The State Building and Construction Trades Council, write in an oppose unless amended position, “AB 2157 intends to remove the sunset of what was intended to be a short-term study on how to retrain or compensate displaced oil and gas workers. As we objected to the original bill, we feel that this type of endeavor is a self-fulfilling prophecy for the thousands of highly paid workers in the oil and gas industry and a poor use of public funds. We would much prefer this study to pivot and seek solutions to RETAINING these highly paid union industrial jobs in California rather than retrain workers into subpar industries.”

5. Prior Legislation:

SB 191 (Committee on Budget and Fiscal Review, Chapter 67, Statutes of 2022) established the Displaced Oil and Gas Worker Pilot Program, to be administered by the EDD, for the purpose of addressing employment dislocations associated with oil, gas, and related industries, as specified, until July 1, 2027.

SUPPORT

United Steelworkers District 12 (Sponsor)
350 Bay Area Action
Active San Gabriel Valley
American Federation of State, County and Municipal Employees, Afl-cio
Bike LA
Bluegreen Alliance
Brightline Defense
California Environmental Justice Alliance
California Environmental Justice Alliance (CEJA) Action
California Environmental Voters
California Green New Deal Coalition
California Labor for Climate Jobs
CAUSE
Center for Community Action and Environmental Justice (CCA EJ)
Center for Environmental Health

Center of Race, Poverty and the Environment
Central California Asthma Collaborative
Change Begins With Me (INDIVISIBLE)
City of Richmond
Clean Earth 4 Kids
Cleaneearth4kids.org
Climate Action Campaign At the Humboldt Uu Fellowship
Climate Health Now Action Fund
County of Kern
Courage California
Culver City Democratic Club
Earth Ethics, INC
East Bay Municipal Utility District
Environmental Information Protection Center
Facts Families Advocating for Chemical and Toxics Safety
Families Advocating for Chemical and Toxics Safety
Food and Water Watch
Fossil Free California
Fossil Free California Votes
Friends Committee on Legislation of California
Greenpeace USA
Grid Alternatives
Indivisible Alta Pasadena
Leadership Council for Justice and Accountability
NRDC
Oil & Gas Action Network
Physicians for Social Responsibility - Los Angeles
Physicians for Social Responsibility - San Francisco Bay
Reclaim Our Power Utility Justice Campaign
Reclaim Our Power!
Resource Renewal Institute
S.F. Bay Physicians for Social Responsibility
San Francisco Bay Area Physicians for Social Responsibility
San Francisco Baykeeper
Stand LA
Sunflower Alliance
The Climate Center
Third ACT Bay Area
Transition Sebastopol

OPPOSITION

State Building and Construction Trades Council

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