

Date of Hearing: April 17, 2024

ASSEMBLY COMMITTEE ON UTILITIES AND ENERGY

Cottie Petrie-Norris, Chair

AB 2487 (Mike Fong) – As Amended March 21, 2024

**SUBJECT:** Deputy Secretary for Climate

**SUMMARY:** Requires the creation and maintenance of a green jobs website, as specified, by the Deputy Secretary for Climate (Deputy Secretary) at the Labor and Workforce Development Agency (LWDA). Also delays by one year, to January 1, 2026, the requirement for the Deputy Secretary to submit a report to the Legislature on key findings and recommendations regarding the development and implementation of the workforce transition to a sustainable and equitable clean energy economy.

**EXISTING LAW:**

- 1) Establishes LWDA to serve California workers and businesses by improving access to employment and training programs, enforcing California labor laws to protect workers and create an even playing field for employers, and administering benefits that include workers' compensation, unemployment insurance, and disability insurance and paid family leave. (Government Code §§ 15550-15562)
- 2) Establishes, upon appropriation by the Legislature, the position of the Deputy Secretary within the LWDA, to be appointed by the Governor and subject to confirmation by the Senate, for the purpose of assisting in the oversight of California's workforce transition to a sustainable and carbon-neutral economy. (Government Code § 15563.2 et seq.)
- 3) Requires the Deputy Secretary to perform specified duties, including:
  - a) Coordinating with other state agencies to track the progress of the state moving toward 100 percent clean energy by performing specified activities, including:
    - i) Identifying the timing and location of fossil fuel facility closures and short-term and long-term workforce transition needs, including projected impacts on workers, businesses, and communities related to workforce development.
    - ii) Establishing recommended strategies and timelines for workers to transition from fossil fuel-based jobs to clean energy jobs and jobs in related fields.
    - iii) Tracking clean energy jobs and the transition of workers from fossil fuel-based jobs to clean energy jobs and jobs in related fields to increase access to training and employment opportunities. (Government Code § 15563.4(a))
  - b) Create or coordinate with other state agencies to retrain and upskill workers for clean energy jobs and jobs in related fields, including by:
    - i) Identifying training needs and gaps in current state systems.

- ii) Determining what skills will likely be needed by the state’s clean energy workforce over the next 25 years.
  - iii) Prioritizing workforce development funding and programming in communities experiencing growing income disparities due to the transition to a carbon neutral economy. (Government Code § 15563.4(b))
- c) On or before January 1, 2025, and annually thereafter, submit a report, as specified, to the Legislature on key findings and recommendations regarding the development and implementation of the workforce transition to a sustainable and equitable clean energy economy, including challenges, achievements, and measurable progress toward creating clean energy job. (Government Code § 15563.4(c))
- 4) Sunsets the requirements referenced in 2) and 3) above by January 1, 2046, unless a later enacted statute that is enacted before January 1, 2046, deletes or extends the date. (Government Code § 15563.6(b)).

**FISCAL EFFECT:** Unknown. This bill is keyed fiscal and will be referred to the Committee on Appropriations for its review.

**BACKGROUND:**

*California’s Fossil Fuel Workforce* – In June 2021, the Political Economy Research Institute (PERI) released a report showing there are nearly 113,000 people employed in the fossil fuel-based industries in California, amounting to 0.6% of the state’s workforce.<sup>1</sup> The total job figure includes oil and gas extraction operations, as well as support activities for all oil and gas projects, and other ancillary sectors, such as fossil fuel-based power generation.

California’s oil and gas jobs offer significant compensation and benefits, providing workers in those jobs with security for themselves and their families. According to the PERI report, average compensation for fossil-fuel workers is around \$130,000, well above the roughly \$85,000 received by workers in California’s current clean energy sectors. Three counties in California – Kern, Contra Costa, and Los Angeles – account for roughly half of all employment in the state’s fossil fuel-based industries, with the majority in Kern County.

As California moves to meet its existing climate commitments – to achieve statewide carbon neutrality by 2045<sup>2</sup> – the oil and gas industries may contract. As a result, investment in an ongoing relief program to take care of displaced workers, their families, and their communities could prove critical. The PERI report estimates that about 3,200 workers per year will be displaced in these industries in California between 2021 and 2030 while another roughly 2,500

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<sup>1</sup> Pollin, Robert. “A Program for Economic Recovery and Clean Energy Transition in California.” Department of Economics and Political Economy Research Institute, June 2021

<sup>2</sup> AB 1279 (Muratsuchi, Chapter 337, Statutes of 2022); Governor’s Executive Order B-55-18, Governor Edmund G. Brown, Jr., September 10, 2018.

will voluntarily retire each year. The report estimates that a generous transition package for these workers would come to about \$470 million per year.<sup>3</sup>

As part of the 2022 Budget Act, the Legislature created the Displaced Oil and Gas Workers Fund, appropriating \$36.5 million to the LWDA for grants to help workers transition into sectors that match their skills and expertise and offer comparable wages.<sup>4</sup>

#### COMMENTS:

- 1) *Author's Statement.* According to the author, "California is a global leader in the transition to a carbon neutral economy. Billions of dollars are already funding millions of good paying jobs, and this is just the beginning. A crucial part of ensuring a just transition, where all Californians have access to good paying jobs and no communities are left behind, is access to employment and job training opportunities. A Green Jobs Website that serves as the central hub for green jobs, maintained by the Deputy Secretary of Climate in the Labor and Workforce Development Agency, will provide a vital resource to help workers on the path to economic justice and for California to maintain its leadership on environmental justice."
- 2) *Planning for the Transition.* In June 2020, following a statutory mandate,<sup>5</sup> CWDB released *Putting California on the High Road: A Jobs and Climate Action Plan For 2020.*<sup>6</sup> The report addresses workforce interventions to ensure that the transition to a carbon-neutral economy creates high-quality jobs, prepares workers with the skills needed to adapt to and master new zero- and low-emission technologies, broadens career opportunities for workers from disadvantaged communities, and supports workers whose jobs may be at risk. The report includes recommendations "for just transition" to assist the state in planning for the protection and support of workers at risk of declining opportunities in the fossil fuel industry. In September 2020, the Governor signed Executive Order N-79-20 which directed the state to take a number of actions to combat the climate crisis, including requiring LWDA, and other state agencies, to develop, by July 15, 2021, and expeditiously implement a Just Transition Roadmap, consistent with the recommendations of the CWDB's report.

The transition has already begun, and various funding sources promise to bring billions of dollars to California to create new jobs in climate-resilient industries. California recently awarded \$26.7 million to prepare displaced workers from the oil and gas industry for sectors that match their skills and offer comparable wages. The California Air Resources

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<sup>3</sup> Pg.4 Based on the conservative assumption that the oil and natural gas-based industries will contract by only 50% by 2030.; Pollin, Robert. A Program for Economic Recovery and Clean Energy Transition in California. Department of Economics and Political Economy Research Institute (PERI), June 2021.

<sup>4</sup> [https://edd.ca.gov/en/jobs\\_and\\_training/Information\\_Notices/dogwf-grant-programs-sfp--py-23-24/](https://edd.ca.gov/en/jobs_and_training/Information_Notices/dogwf-grant-programs-sfp--py-23-24/)

<sup>5</sup> AB 398 (E. Garcia, Chapter 135, Statutes of 2017)

<sup>6</sup> Zabin, Carol. *Putting California on the High Road: A Jobs and Climate Action Plan for 2030.* University of California, Berkeley Center for Labor Research and Education, June 2020.

Board is setting the stage for more fuel refinery transitions and is phasing out medium and heavy-duty combustion engines by 2036.

To ensure that all levels of government and agencies are coordinated to meet the demands of this transition, the Newsom Administration recently launched the California Jobs First Council to guide the state's investments in economic and workforce development. This effort includes the Regional Investment Initiative (RII; formerly known as the Community Economic Resilience Fund, or CERF)<sup>7</sup> to support California's diverse economic regions in reimagining industries in their area and creating the jobs of the future. The RII seeks to create a portfolio of ready-to-go projects that "accelerate California's progress to a carbon neutral economy while creating good-paying jobs."

- 3) *The Missing Piece.* As noted by the support for this measure, California Environmental Voters, "there is no publicly sanctioned resource for the state to communicate its progress on the transition and for Californians to obtain information on green job opportunities." This bill seeks to do that. However, the position of Deputy Secretary, which this bill gives new requirements to, has not been funded by the Legislature; in other words, this bill would not be in effect until an appropriation was made.

- 4) *Prior Legislation.*

AB 2204 (Boerner) establishes, upon appropriation by the Legislature, the position of Deputy Secretary for Climate within the LWDA to assist in the oversight of California's workforce transition to a sustainable and equitable carbon neutral economy. Status: Chapter 348, Statutes of 2022.

AB 680 (Burke) established the California Jobs Plan Act of 2021 which requires CARB to work with the LWDA to update, by July 1, 2025, the funding guidelines for administering agencies to ensure that all applicants to grant programs funded by the Greenhouse Gas Reduction Fund meet fair and responsible employer standards and provide inclusive procurement policies. Status: Chapter 746, Statutes of 2021

AB 1453 (Muratsuchi, 2021) would have established the Just Transition Advisory Commission in the LWDA until January 1, 2028 and would require it to adopt and submit to the Legislature, by January 1, 2024, a Just Transition Plan that contains recommendations to transition the state's economy to a climate-resilient and low-carbon economy. Status: Died – Assembly Committee on Appropriations.

AB 398 (E. Garcia) requires the California Workforce Development Board to publish a report outlining recommendations on workforce development and training to help

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<sup>7</sup> <https://www.labor.ca.gov/wp-content/uploads/sites/338/2024/03/ca-jobs-first-regional-investment-initiative-fact-sheet.pdf>

communities adapt to the economic and labor-market changes resulting from California's transition to a carbon neutral economy. Status: Chapter 135, Statutes of 2017.

- 5) *Double Referral*. This bill is double-referred. It was previously heard in the Assembly Committee on Labor and Employment where it passed out on April 3<sup>rd</sup>, 2024, on a 7-0 vote.

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

California Environmental Voters (formerly CLCV)

**Opposition**

None on file.

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