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EFFECTIVENESS & ACCOUNTABILITY INITIATIVE



Senate Select Committee on Infrastructure Streamlining and Workforce Equity

Thursday June 29, 2023

Issue:

Embedding workforce and community benefit requirements in procurement and contracting for infrastructure and manufacturing investments related to the federal Infrastructure and Investment Jobs Act (IIJA), the Inflation Reduction Act (IRA) and the CHIPS and Science Act (CHIPS Act) as reflected in SB 150 (by Senators Durazo, Gonzalez, Cortese, Smallwood-Cuevas and L. Rivas).

Summary:

SB 150 (by Senators Durazo, Gonzalez, Cortese, Smallwood-Cuevas and L. Rivas) states the intent of the Legislature to “develop procurement models in alignment with initiatives to enhance the state’s training and access pipeline for quality jobs and the application of community benefits on infrastructure and manufacturing investments” by the federal IIJA, IRA and CHIPS Act.

This bill requires the inclusion of community benefits in project labor agreements entered into by a state agency for projects of \$35 million and above in construction costs. Community benefits include local hire provisions, partnerships with high road construction career programs and other methods to promote the employment of individuals from economically disadvantaged areas and veterans.

In addition, SB 150 requires the Labor and Workforce Development Agency (LWDA), Government Operations Agency and Transportation Agency to develop and provide contractual and procurement model recommendations that maximize benefits to disadvantaged communities by May 2024 to the Governor and Legislature. The measure requires these recommendations to be developed in consultation with specified state agencies and stakeholders for the intended purpose of equity and access to quality jobs connected to IIJA, IRA and CHIPS Act investments.

Lastly, the bill requires the Department of Transportation (CalTrans) to reserve \$50 million from IIJA funds to support high road construction careers programs that provide a range of supportive services and career placement assistance to underserved and underrepresented populations.

Comments:

The federal IIJA, IRA and CHIPS Act are estimated to invest over \$752 billion in infrastructure investments to rebuild roads, bridges and rail, improve access to clean drinking water, expand access to reliable and affordable high-speed internet, address climate change and bolster U.S. leadership in semiconductor research, development and manufacturing. California's share of federal funds provides an opportunity to promote equity in access to construction and manufacturing careers through procurement and contractual requirements designed to maximize benefits to communities that have been historically marginalized in the economy. While public works construction requires the payment of prevailing wage and employment of apprentices, a similar or comparable framework has not been established for taxpayer funded financial assistance programs in the manufacturing sector.

As designed, High Road Training Partnerships are training programs, including pre-apprenticeship training that may include, but are not limited to partnerships with employers and labor unions, and address income inequality through skills development tied to employer needs for the underserved, justice-involved or low-income individuals.

Related legislation:

SB 822 (Durazo, 2023) establishes the Interagency High Road Team to collectively be responsible for oversight and decision making including creating high road evaluation metrics and developing technical assistance and evaluation infrastructure and requires certain agencies to enter into a memorandum of understanding with the state workforce development board to coordinate workforce development planning analysis, and implementation activities. (Pending in the Assembly Labor and Employment Committee)

SB 574 (Wahab, 2023) requires all state agencies, and specified educational agencies using bond funds, to enter into project labor agreements with community benefits for projects that exceed a total cost of \$35 million. (Two-year bill)

SB 700 (Durazo, 2022) establishes the High Road Employment Program within the LWDA, which requires each bidder for a contract with the state to submit a High Road Employment Plan to the Department of General Services to be eligible for a contract. (Held on the Assembly Committee on Appropriations Suspense File)

SB 674 (Chapter 875, Statutes of 2022) applies a high road jobs framework on California Department of Transportation and DGS contracts for zero emission transit vehicles and charging stations.

SB 154 (Committee on Budget and Fiscal Review – Chapter 43, Statutes of 2022) required LWDA to submit, by January 10, 2023, a report to the Legislature documenting all relevant

programs and initiatives under the Employment Development Department, WDB, and Department of Industrial Relations regarding the high road standard.

SB 1162 (Limon – Chapter 559, Statutes of 2022) required all private employers with 100 or more employees to submit a pay data report to the Department of Fair Employment and Housing, now Civil Rights Department (Department), including the median and mean hourly pay rate for each combination of race, ethnicity, and sex within each job category, which the Department must publish on its internet website.

AB 680 (Burke - Chapter 746, Statutes of 2021) required increased workforce standards for projects that utilize Greenhouse Gas Reduction Fund grants, including the payment of prevailing wage for construction projects.