

Community Economic Resiliency Fund Program Economic Development Analysis of SB 162



Background

State officials are working now on an accelerated rollout of the \$600 million Community Economic Resilience Fund Program (CERF), with a timeline to launch the program as soon as January. Local agencies seeking to participate in this program should review CALED's detailed summary of the bill below, and begin organizing local collaboratives now, to be better positioned to compete for funding. A city or county should take the lead as a "skilled and impartial convener" for initial collaborative stakeholder discussions, so that a structure is in place as the program comes together.

SB 162 (Budget) Establishes \$600m Community Economic Resilience Fund Program

https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB162

Establishes the Community Economic Resilience Fund Program (CERF) within the Workforce Services Branch (Branch) of the Employment Development Department. The program is administered by the Branch under the supervision of an Inter-Agency Leadership Team consisting of cabinet-level appointees or their designees responsible for planning, oversight, and decision-making, from the following agencies:

- Labor and Workforce Development Agency
- Office of Planning and Research (OPR)
- Governor's Office of Business and Economic Development (GO-Biz)

Program Statutory Objectives:

- (1) *To build an equitable and sustainable economic recovery from the impacts of COVID-19 on California's industries, workers, and communities, and to provide for the durability of that recovery by fostering long-term economic resilience in the overall transition to a carbon neutral economy.*
- (2) *To build a more robust, sustainable, and equitable recovery across all sectors of the California economy.*

Program Rollout: The Inter-Agency Team, supported by staff from OPR, is tasked with the following responsibilities:

- a. Identifying geographic boundaries of regions in a way that prioritizes economic recovery and transition strategies and are consistent with other state definitions of regional economic and labor markets.
- b. Create program guidelines and evaluation metrics that, at a minimum, support federal funding.
- c. Design a competitive grant structure.
- d. Develop technical assistance and evaluation infrastructure.
- e. Track and report progress and deliverables.

Grant Criteria: The Inter-Agency Team is directed to develop policies for grants to fund regional programs and economic development strategies that directly compliment state and federal infrastructure funding in housing, transportation, advanced energy, broadband, and natural resources and "directly-connect" in each of those sectors to any existing or emerging high road training partnerships. In addition, the program shall:

- a. Provide financial support to establish and support high road transition collaboratives in designing region and industry specific economic recovery and transition strategies.
- b. Include a focus on those regions and communities most affected by the economic impact of COVID-19 (as authorized in federal guidance) and whose economic distress has been:
 - a. Exacerbated by COVID-19, and
 - b. Compounded by macroeconomic impacts such as:
 - i. The global transition to carbon neutrality
 - ii. The Western US Region's acute vulnerability to climate change impacts.

c. Planning grants are awarded on a competitive basis to establish and support at least one High Road Transition Collaborative per region in areas that have had disproportionate impacts due to COVID-19. Here is data on COVID case distribution in California
<https://usafacts.org/visualizations/coronavirus-covid-19-spread-map/state/california>

d. Evaluation criteria shall be consistent with state planning principles (S. 65041.1 GC) promoting infill development patterns and any applicable federal criteria from the American Rescue Plan or Treasury Department.
https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV&ionNum=65041.1.

e. Grants shall be awarded on a rolling and competitive basis through June 30, 2024. Recipients shall fully spend or obligate all funds by December 31, 2024 and pay all obligations by December 31, 2026. A small, initial tranche of funding shall be awarded in those regions already engaged in economic recovery and transition planning for economic diversification with high road elements.

Requirements on Collaboratives: The program is required, through local collaboratives, to support transparent and inclusive processes for shared problem solving to advance long-term prosperity and equity. Other requirements on collaboratives include:

- Collaboratives must include representation from labor, business, community, government, and other stakeholders, including but not limited to, economic development, philanthropy, education, and workforce partners to be designated in the program guidelines.
- Collaboratives must prioritize equity, sustainability, and job quality and advance a shared prosperity where workers and communities share equally in the benefits of a carbon neutral future.
- Collaboratives must develop one or more regional and subregional economic recovery and transition plans addressing essential elements of a high road strategy. These elements include economic diversification, industry planning, workforce development, and identification/integration of current or supplemental safety net programs. The plans shall include industry cluster and labor market analysis, with actionable research and consultation with the University of California or other expert institutions.
- Plans shall prioritize creation of high-quality jobs and equitable access to them, and emphasize where possible the development of sustainable and resilient industries such as, renewable energy, energy efficiency, carbon removal, zero-emission vehicles, advanced manufacturing, agriculture, forestry, and climate restoration and resilience.
- Grants shall support various high road related objectives including labor standards such as prevailing wage, project labor agreements, or community workforce agreements.
- A “skilled and impartial convener” must be identified to build an “inclusive planning table” to plan for economic recovery and a sustainable economic recovery future. The convener shall facilitate and collaborate with each designated partner entity to develop transition plans, solicit, consider, and respond to comments from collaborative members, and provide equitable public participation and input.
- Collaboratives are also required to “work directly with” capacity-building programs designated under the Regional Climate Collaborative Program operated by the Strategic Growth Council established by AB 1072 (Leyva), Ch 377, Statutes of 2018. (*This program, however, has not yet been established.*)
- Various reporting requirements apply to grant recipients.

CALED Comments

- 1) Eligibility: With \$600 million in funding available through this program, economic developers are curious about how this program may assist with their existing efforts to attract and retain local employers and ensure the availability of a skilled workforce to match with available jobs. Those businesses and industry clusters that are likely to benefit most from this program include renewable energy, energy efficiency, carbon removal, zero-emission vehicles, advanced manufacturing,

- agriculture, forestry, and climate restoration and resilience. There is also a priority for COVID-19 impacted areas, and those affected by climate change and the transition to a carbon-neutral economy.
- 2) Accelerated Rollout: Administration officials have informed CALED that – despite the complex and multi-agency process associated with establishing this program – the Administration is working on an accelerated rollout, which would make this program operational by January of 2022.
 - 3) Get Organized Now: To be successful, local agencies and regions that wish to participate in this program likely need to begin organizing their collaboratives now to be better positioned when the program is finally established. A city or county could take the lead in convening an initial collaborative stakeholder discussion, so that a structure is in place as the program comes together.
 - 4) “High Road” Definitions: The multiple references to “High Road” in this bill are critical to the competitiveness of any applicant. These definitions are detailed in Section 14005 of the Unemployment Insurance Code, and due to their importance printed below.
 - a. (r) *“High road” means a set of economic and workforce development strategies to achieve economic growth, economic equity, shared prosperity, and a clean environment. The strategies include, but are not limited to, interventions that:*
 - (1) *Improve job quality and job access, including for women and people from underserved and underrepresented populations.*
 - (2) *Meet the skill and profitability needs of employers.*
 - (3) *Meet the economic, social, and environmental needs of the community.*
 - b. (s) *“High road training partnership” means an initiative or project that models strategies for developing industry-based, worker-focused training partnerships, including labor-management partnerships. High Road Training partnerships operate via regional, industry-, or sector-based training partnerships comprised of employers, workers, and their representatives including organized labor, community-based organizations, education, training, and social services providers, and labor market intermediaries. High Road Training partnerships demonstrate job quality standards and employment practices that include, but are not limited to, the following:*
 - (1) *Provision of comparatively good wages and benefits, relative to the industry, occupation, and labor market in which participating workers are employed.*
 - (2) *Payment of workers at or above local or regional living wage standards as well as payment at or above regional prevailing wage standards where such standards exist for the occupations in question.*
 - (3) *A history of investment in employee training, growth, and development.*
 - (4) *Provision of opportunities for career advancement and wage growth.*
 - (5) *Safe and healthy working conditions.*
 - (6) *Consistent compliance with workplace laws and regulations, including proactive efforts to remedy past problems.*
 - (7) *Adoption of mechanisms to include worker voice and agency in the workplace.*
 - c. (t) *“High road construction careers” are high road training partnerships that invest in regional training partnerships comprised of local building trades councils, workforce, community, and education interests that connect to state-approved apprenticeship programs, that utilize the standard Multi-Craft Core preapprenticeship training curriculum and provide a range of supportive services and career placement assistance to women and people from underserved and underrepresented populations.*

CONTACT:

The California Association for Local Economic Development (CALED) is the voice of economic development practitioners and stakeholders. With more than 800 members, CALED is one of the largest economic development organizations in the country. We believe that through partnership and collaboration with local economic developers, the state of California can leverage the energy of California’s economic development network to create positive impacts that benefit our businesses and residents.

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