

## POLICY WATCH – June 2023

### In This Issue

- How Do We Pull It All Together? Climate Adaptation, Infrastructure, Workforce and Funding
- The Shrinking infrastructure Workforce Challenge
- Northern California Public Media Encourages You to Take One Small Step
- Take the California Budget Challenge
- Members in the News

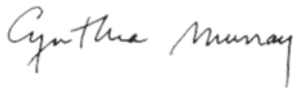


With half the year behind us, we look at some challenges ahead. In this issue, we have focused on the need to improve California's infrastructure and seize the opportunity for the funding available to do so. To get things moving, NBLC supports the Governor's Infrastructure package as a way to become more competitive and get new construction underway of key improvements. We also look at the need to revitalize the infrastructure workforce, especially by increasing diversity and equity.

We welcome new member, the Eames Institute of Infinite Curiosities, which is a growing asset to the North Bay's creative spirit. And if you have questions about the state budget and how to manage the deficit, please take the California Budget Challenge. What would you cut? Where would you invest? It is an eye-opener!

Wishing you a wonderful summer!

Best,



Cynthia

### **How Do We Pull It All Together? Climate Adaptation, Infrastructure, Workforce and Funding**

North Bay Leadership Council is a strong advocate of improving how new construction and infrastructure gets approved and built. We support Gov. Newsom's Infrastructure package as a way to actually get these needed improvements in place that will provide great economic and environmental benefits. It is time to make the changes needed to get things done and end the continual morass of inaction.

In [What the Hell Happened to the California of the '50s and '60s?](#) by Ezra Klein (New York Times, [Link](#)) the need for reform is glaring. Klein's interview with a frustrated Gov. Newsom over the opposition to his modest reforms shows that change must occur for California to achieve its goals.

Klein says, "More than 100 environmental groups — including the Sierra Club of California and The Environmental Defense Center — are joining to fight a package Newsom designed to make it easier to build infrastructure in California. The environmental movement is dealing with a bit of dog-that-caught-

the-car confusion these days. Hundreds of billions of dollars are pouring into infrastructure for clean energy, and decarbonization targets that were once out of the question are being etched into law. That's particularly true in California, which has committed to being carbon neutral and to running its electricity grid on 100 percent clean energy by 2045."

"Hitting these goals requires California to almost quadruple the amount of electricity it can generate — and shift what it now gets from polluting fuels to clean sources," says Klein. "That means turning huge areas of land over to solar farms, wind turbines and geothermal systems. It means building the transmission lines to move that energy from where it's made to where it's needed. It means dotting the landscape with enough electric vehicle charging stations to make the state's proposed ban on cars with internal combustion engines possible. Taken as a whole, it's a construction task bigger than anything the state has ever attempted, and it needs to be completed at a speed that nothing in the state's recent history suggests is possible."

Tellingly, Klein says, "California has become notorious not for what it builds but for what it fails to build. And Newsom knows it. 'I watched as a mayor and then a lieutenant governor and now governor as years became decades on high-speed rail,' he said. 'People are losing trust and confidence in our ability to build big things. People look at me all the time and ask, 'What the hell happened to the California of the '50s and '60s?'"

Adding to the frustration is the fear that California will leave money on the table as it fails to compete well for the Federal funding. Klein says, "The Biden administration is pumping hundreds of billions of dollars into decarbonization. And it wants to make sure it gets a return on that money. So it's making states compete for federal grants, and one way it's judging them is on whether the state has made it easy to build. That has become an issue for California."

With a deficit of over \$32 Billion, Newsom needs that federal money. Klein says, "He needs federal money, and lots of it, to make good on his climate promises. If California falls short on those grants, it falls short of its goals. 'We're going to lose billions and billions of dollars in the status quo,'" he said. The state can't backfill that. And we're losing some of it to red states! I'm indignant about that. The beneficiaries of a lot of these dollars are red states that don't give a damn about these issues, and they're getting the projects. We're not getting the money because our rules are getting in the way."

And this opposition is outsized to what is proposed in the Governor's package. Klein says, "The breadth of the opposition and the emotion in Newsom's defense left me a bit unprepared for his actual permitting package, which is a collection of mostly modest, numbingly specific policies. When a lawsuit is brought under the California Environmental Quality Act, should all emails sent between agency staff members be part of the record or only those communications seen by the decision makers? Should environmental litigation be confined to 270 days for certain classes of infrastructure? Should the California Department of Transportation contract jobs out by type, or does it need to run a new contracting process for each task? Should 15 endangered species currently classified as fully protected be reclassified as threatened to make building near them less onerous? And on it goes."

Klein says, "This isn't a root-and-branch reform of California's environmental protection bills. It doesn't follow recent housing reforms that use statewide planning processes to bypass local governments. The proposed changes to the California Environmental Quality Act are arguably more modest than the changes made, with barely any notice, to the National Environmental Policy Act as part of the debt ceiling deal.

The claim Newsom is making is not that all development is good but that development has become too easy to stop or at least delay.”

Klein warns, “But the fight isn’t just about this package. Everyone involved believes there are many permitting reforms yet to come, as the world warms and the clock ticks down on California’s goals and the federal government begins to apply more pressure. These are the beginning stages of a transition from a liberalism that spends to a liberalism that builds. It’s going to be messy. Until now, progressives have been mostly united in the fight against climate change. They wanted more money for clean energy and more ambitious targets for phasing out fossil fuels and got them. Now that new energy system needs to be built, and fast. And progressives are nowhere near agreement on how to do that.”

## **The Shrinking infrastructure Workforce Challenge**

In looking at the struggle for California to compete for the big federal Infrastructure pot of money, there are other areas of concern. Perhaps the most compelling is that even if California can get its act together, it may not be able to muster up the workforce needed to build the improvements. In [The incredible shrinking infrastructure workforce — and what to do about it](#), by Joseph W. Kane, (Brookings, [Link](#)), we learn the U.S. infrastructure workforce is rapidly losing talent.

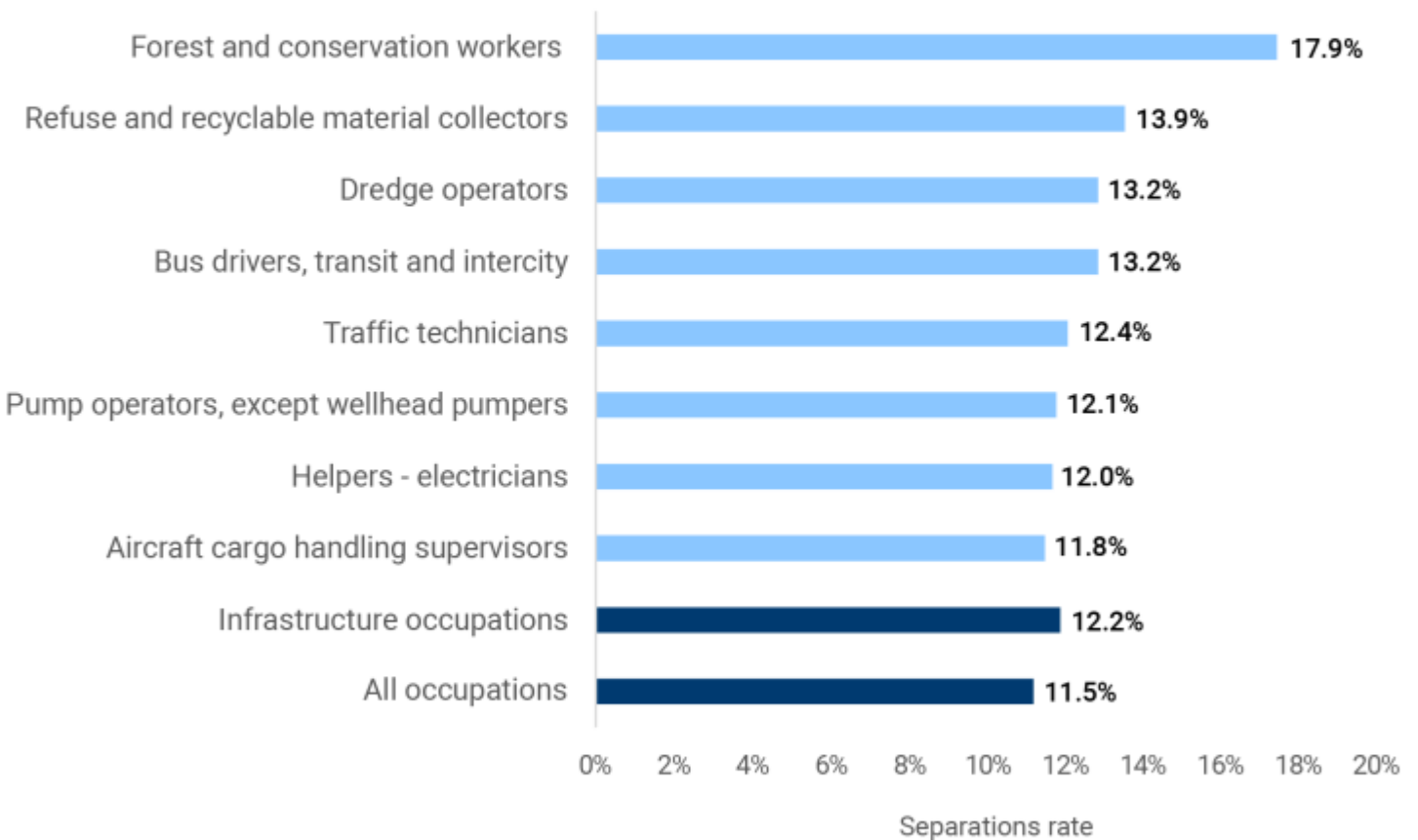
Kane describes how the billions of dollars the Feds unleashed for infrastructure projects “has the enormous potential to support up to 15 million new jobs over the next decade, according to the most ambitious estimates. Many state and local entities eligible to receive this funding—think transportation departments, water utilities, and more—are scrambling to secure new pots of money and get workers ready for all the projects to come.”

But the problem with all those news jobs, is that we are hemorrhaging current infrastructure workers and having a hard time finding new workers. Kane says, “The U.S. infrastructure workforce is rapidly losing talent. As recent Brookings research shows, nearly 17 million infrastructure workers are projected to permanently leave their jobs over the next decade due to a wave of retirements, job transfers, and other labor market shifts. Infrastructure workers are not just construction workers—they are plumbers, electricians, civil engineering technicians, or dozens of other occupations, primarily involved in the skilled trades. And they are responsible for operating and maintaining our roads, rails, pipes, power plants, and other facilities over many decades. Filling these shoes is not simply about patching a pothole or building a bridge—it represents a generational challenge affecting many industries nationally.”

FIGURE 1

## Average annual separations rate, by selected infrastructure occupations

2021 to 2031



**Source:** Brookings analysis of BLS Occupational Employment and Wage Statistics and Employment Projections data.

**B** | Brookings Metro

“Yet filling these new infrastructure jobs also represents a generational opportunity,” says Kane. “Infrastructure jobs pay 30% more to lower-income workers and those just starting their careers relative to all jobs nationally, while also posing lower formal educational barriers to entry. But too many workers—especially younger workers, women, and people of color—continue to be sidelined from these careers. The infrastructure workforce is aging, male, and white; only 11% are 24 years old or younger, 18.5% are women, and under a third are people of color. Many prospective job seekers not only lack awareness these

positions exist, but they also lack flexible and accessible pathways to fill them, including struggles to gain needed on-the-job training and limited supportive services (e.g., child care, transportation).”

Kane points out, “Difficulties in hiring, training, and retaining a younger, more diverse workforce limit economic opportunity, slow down projects, and pose the very real possibility of mission failure for infrastructure employers, including the owners and operators of these systems. These difficulties are also likely to get worse given the country’s declining—and diversifying—labor force participation. The BLS estimates that the U.S. labor force participation rate—the percentage of the population that is working or actively looking for work—has gone up since the pandemic, to 62.6% last month. However, this rate is still lower than the pre-pandemic level (63.3%), and further declines are projected over the next decade (down to 60.1%)—continuing a longer-term trend as more baby boomers exit the labor force.”

There are big demographic changes in workforce participation, too. Kane says, “Amid these broader declines, an even more significant change may soon impact the infrastructure workforce: The overall labor force will grow from 161 million workers to 169 million (an additional 4.8%) over the next decade, largely driven by women and people of color—the groups traditionally overlooked and marginalized across the infrastructure sector. From 2021 to 2031, the number of women in the U.S. labor force will increase by 6.1%, while the number of men will only increase 3.5%. At the same time, the number of Black and Latino or Hispanic workers will increase 8.2% and 23.6%, respectively, while the number of white workers will only increase 1.6%. The BLS does not separately report other racial groups—including Asian American and Native American workers—but groups in the “all other” category will grow the fastest (24.1%).

Action is required to produce the needed workforce. Kane says, “Bridging the infrastructure sector’s talent gaps in the short term needs to coincide with building a stronger long-term talent pipeline, which crucially depends on reaching and supporting more diverse workers. That means conducting more extensive community outreach to reach new and different workers, including additional demonstration projects. That means collaborating with workforce development boards, educational institutions, community-based organizations, and other partners to define hiring and training priorities, expand work-based learning options, and provide more supportive services. That means changing how infrastructure projects are done, including new local hiring standards, procurement strategies, and contracting practices to reach women- and minority-owned businesses.”

In conclusion, Kane says, “The key is for infrastructure and workforce leaders to both recognize the urgency of this challenge and the need to start experimenting with a different approach. Time is fleeting, and the federal money is already flowing.”

## Northern California Public Media Encourages You to Take One Small Step



*Can two people with different political beliefs have a meaningful conversation?*

Learn how at  
[norcalpublicmedia.org/story-corps](http://norcalpublicmedia.org/story-corps)



TAKE ONE SMALL STEP  
North Bay, California

One Small Step is an effort to remind the country of the humanity in all of us, even those with whom we disagree. We invite you to meet someone new—a fellow resident, who you might never talk to otherwise—for a simple, personal, 50-minute conversation. The conversation can be in person or online, and is conducted under agreed terms for civil discourse.

Conversations are hosted by a trained staff facilitator, and although they're recorded, there's no obligation for participants to share the recording (or even use their name). The goal is 100% about providing community members the experience of safely meeting someone different from them who they might never otherwise connect with.

Conversations aren't a debate. They're just a chance for two people to break the ice and talk about who they are as people, what they care about, and their dreams for the future. These encounters will create new bonds throughout our community, and they're recorded with StoryCorps so that they can be archived at the Library of Congress. It ensures that our documented community history includes the personal stories and acts of hope unfolding in this challenging moment.

Sign up at [krcb.org/story-corps](http://krcb.org/story-corps)

or scan this QR code:



## Take the California Budget Challenge

Following two years of large surpluses due to increased federal spending in response to the COVID-19 pandemic, California is now facing a projected deficit of approximately \$32.5 billion in 2023-24. This is up from the projected deficit of \$25 billion in the January budget. This is a result of

lower General Fund revenues, and consequently, many of the multiyear spending commitments from 2021-22 and 2022-23 are no longer affordable. The Governor is proposing spending cuts and delays to close the budget gap in 2023-24, along with shifting some planned college student affordable housing and climate spending to bond measures.

Most of the proposed spending solutions would come from natural resources, environmental, and transportation funding that had been allocated over multiple years in the 2021-22 and 2022-23 budgets. The minimum funding guarantee for K-12 schools and community colleges would be approximately \$106.8 billion—\$2 billion below the proposed level in the January budget due to lower expected General Fund revenues.

Under the Governor's proposed budget, California's extensive reserves would remain largely untouched, except for a \$450 million withdrawal from the Safety Net Reserve. The balance of the BSA (also called the Rainy Day Fund) would be \$22.3 billion, the Special Fund for Economic Uncertainty (SFEU) would be \$3.8 billion, and the Safety Net Reserve would have \$450 million (down 50% from 2022-23).

Next 10 has created a Budget Challenge that lets you try your hand at creating your own state budget. Check it out to get a better understanding of what the Legislature and the Governor are up against:

[Take the California Budget Challenge](#)

## Members in the News

### **Basin Street Properties Grand Opening Celebration of New Home2 Suites by Hilton in Petaluma**

Home2 Suites by Hilton Petaluma is thrilled to announce its grand opening in Petaluma

### **Keysight Technologies Named Among America's Most Cybersecure Companies**

Keysight Technologies, Inc. (NYSE: KEYS) on Tuesday announced it has been named as one of America's Most Cybersecure Companies by Forbes.

### **Burbank Housing Gets \$14 Million for 1st-time Homebuyer Loans**

Burbank Housing has received \$14.72 million for homebuyers that can be used on homes anywhere in Sonoma County, provided the buyers are lower income (or moderate-income disaster victims) first-time homebuyers.

### **Dutra Museum Foundation Announces Their 2023 Scholarship Recipients**

Supporting education is a Dutra family tradition.

### **Redwood Credit Union Opens 8.5-Acre Administrative Campus & Branch; Plans to Hire 600 Workers**

Redwood Credit Union has opened an 8.5-acre administrative campus and branch in south Napa County, Calif., where it intends to hire nearly 600 employees.

### **Caritas Village Receives \$5 Million Thanks to Assemblymember Jim Wood's Efforts**

Assemblymember Jim Wood (D-Healdsburg) presented Catholic Charities of Santa Rosa with a check for \$5 million from the state of California to help launch Caritas Center in its first year.

### **Sonoma State University Appoints Ming-Tung 'Mike' Lee as President**

Ming-Tung "Mike" Lee, who took over as the school's interim president in August of 2022, has had the "interim" tag removed from his title.

### **Press Democrat Named Best Newspaper of its Size in California Journalism Contest**

In addition, The Press Democrat won 15 other top honors for investigative and breaking-news reporting, coverage of local government, the environment, agriculture and youth and education.

### **Exchange Bank Receives the Northbay Biz Magazine "Best Of" Award for Best Consumer Bank**

Congratulations on this recognition!



Over thirty years ago, business leaders founded the North Bay Leadership Council on a simple premise: We can accomplish more by working together. Today, the Council includes 54 leading employers in the North Bay. Our members represent a wide variety of businesses, non-profits and educational institutions, with a workforce in excess of 25,000. As business and civic leaders, our goal is to promote sound public policy, innovation and sustainability to make our region a better place to live and work. For more information: Call 707.283.0028 / E-mail [info@northbayleadership.org](mailto:info@northbayleadership.org)

[www.northbayleadership.org](http://www.northbayleadership.org)