

Workforce Standards for an Equitable Economy

California's economy is growing, but millions of workers are being left behind. As the incomes of the top 1% of wage earners in California continue to grow, one out of every three California workers earns less than \$18 per hour, and 76% of low-wage workers are workers of color.^{1,2} Today, five million California residents—12% of the state's population—live in poverty.³

The state can do more to ensure every Californian has access to a family-sustaining career by incorporating workforce standards into public spending and regulations.

Workforce standards improve wages, job quality, training opportunities, and job access for excluded groups, while enhancing workplace rights and raising the bar in a wide range of industries and occupations.⁴ Our September 2023 report⁵ on workforce standards in California climate investments found:

- Significant state expenditures lack workforce standards. As a result, these investments often subsidize low-wage, non-union jobs, with inadequate safety and job performance training, subpar or no health and retirement benefits, and limited opportunities for career access and advancement.
- Forty percent (\$12.7 billion) of the state's projected climate investments budget through 2026 do not incorporate a workforce standard.
- Public works construction and utility-scale energy construction constitute the vast majority of programs with standards, while clean economy manufacturing, plant and transportation operations, land, technical, and other services, and residential building upgrades largely lack any form of workforce standard.

This is a critical moment for climate and infrastructure spending and workforce standards.

The 2024-2025 budget includes a historic downpayment of tens of billions of federal and state dollars in climate and infrastructure sectors. This funding should be used to create durable, high-quality union jobs and expand economic opportunity.

- Policymakers can incorporate workforce standards into procurement competition and contracts, incentives, loans and other public financing instruments, and regulations.
- Two categories of workforce standards that can be combined to maximize equity are competitive procurement/granting requirements and baseline workforce standards; both are described below.
- Labor peace agreements for operations, service, and manufacturing jobs and project labor agreements for construction are the most critical tools for leveraging fair market competition and unionization.
- To be effective, standards should include enforcement mechanisms in contracts and program design, including audit processes, clawbacks, penalties, remediation for violations, and sufficient enforcement staffing to implement these standards.

Workforce Standards Toolkit

Competitive procurement and granting policies

These policies in state procurement and grantmaking processes either require or allow bidders to disclose detailed information about their commitments to creating high-quality jobs.⁶ This incentivizes bidders to create high-quality jobs with comprehensive training. Competitive procurement policies, such as the successful U.S. Employment Plan framework, include the following features:

- A scoring process to evaluate applicants according to labor, community, and environmental criteria.
- Credits given in bidding processes for creating quality jobs, retaining workers, hiring disadvantaged and dislocated workers, and adopting community benefit agreements.
- Contract and enforcement language that ensures transparency and accountability for California jobs, wages, and training commitments.⁷

Baseline workforce standards

These standards set mandatory criteria for firms to access state funds or participate in state programs. Such baseline standards include:

Workplace democracy, job quality, and job access

- Labor peace agreements or card check neutrality agreements with labor unions to reduce risk on public projects and protect against illegal interference in workplace democracy.
- Project labor agreements and community workforce agreements for construction projects to ensure that skilled workers are hired, projects are delivered on time, and workers have access to long-term career pathways and quality jobs.
- Community benefits agreements to ensure the creation of high-quality jobs, access for excluded workers, priority investment in disadvantaged communities, and broader community benefits.
- Restrictions on outsourcing core public-sector functions to private-sector contractors, because public-sector jobs typically adhere to higher standards for wages, benefits, and workplace democracy.

Wages and benefits

- Wage standards that substantially exceed the California minimum wage or meet industry prevailing wages.
- Benefit standards that ensure access to affordable health care and ample child care support, sick time, overtime, and workers' compensation.

Baseline workforce standards (continued)

Training, apprenticeships, and career pathways

- Implement hiring, training, retention, and career development for disadvantaged and dislocated workers, including women, people of color, workers from local and low-income communities, workers impacted by fossil fuel transition, justice-involved workers, LGBTQ+ workers, and veterans.
- Require that workers enroll in or complete training programs certified with suitable minimum industry training criteria.
- Invest in training and career pathways through apprenticeship programs and/or the high road training partnership model that are explicitly partnered with worker organizations.
- Create state-certified apprenticeship programs, contractually agreed-upon training, and/or comprehensive training for career pathways.

Legal compliance

- Limit funding to businesses with a strong track record of compliance with local, state, and federal labor and employment, health and safety, and environmental laws.
- Require that funded enterprises have common ownership or control over business operations to discourage misclassification and illegal assignment of corporate responsibility to individuals.
- Require funded companies to disclose compliance records with a publicly accessible track record.

Workforce standards policymaking process

The workforce standards suggested here are a starting point for community-based organizations, unions, policymakers, employers, and other stakeholders to define and refine standards that meet worker, employer, and community needs. Additional democratic processes, including shared decision making, dialogue, coordination, and partnerships among communities, policymakers, advocates, and employers are necessary for designing and implementing a high road approach.

Securing the benefits of workforce standards

California policymakers should use taxpayer dollars to invest in our communities and create family-sustaining jobs. Enacting workplace standards can help California grow the base of middle-class careers for workers of color, women and LGBTQ+ workers, justice-impacted workers, and other disadvantaged workers. Standards can improve working conditions in low road industries like contract trucking, wildlands management, and janitorial services, and protect job quality in stable industries. As the state transitions from fossil fuels, workplace standards can support dislocated workers while encouraging high-quality, well-paid jobs in the clean economy. These reforms can also support homegrown California firms and industries and improve the state's fiscal health, as rising incomes boost tax receipts and reduce entitlement spending.

Endnotes

- 1 UC Berkeley Labor Center. [Low-Wage Work in California Data Explorer](#). May 12, 2022.
- 2 Bohn et al. [Public Policy Institute of California, Priorities for California’s Economy: Building Prosperity](#). Jan. 2024.
- 3 Alejandra Reyes-Velarde. [More working Californians Slipped into Poverty as Pandemic Aid Expired](#). *CalMatters*, Oct. 26, 2023.
- 4 University of California, Berkeley Center for Labor Research and Education. [Putting California on the High Road: A Jobs and Climate Action Plan for 2030](#). June 2020. p. 10.
- 5 Sam Appel and Jessie HF Hammerling, UC Berkeley Labor Center. [California’s Climate Investments and High Road Workforce Standards: Gaps and Opportunities for Advancing Workforce Equity](#). Sept. 20, 2023, p. 4.
- 6 University of California, Berkeley Center for Labor Research and Education. [Putting California on the High Road: A Jobs and Climate Action Plan for 2030](#). June 2020. p. 22.
- 7 Jobs to Move America. [Resources: US Employment Plan](#). April 10, 2020.

Further reading

- BlueGreen Alliance. [State-Based Policies To Build A Cleaner, Safer, More Equitable Economy – A Policy Toolkit](#). July 24, 2020.
- Gerstein, Terri and LiJia Gong. [The Role of Local Government in Protecting Workers Rights: A Comprehensive Overview of the Ways that Cities, Counties, and Other Localities Are Taking Action on Behalf of Working People](#). Economic Policy Institute, June 13, 2022.
- Walter, Karla. [Government on Workers’ Side: How State and Local Policymakers and Advocates Can Raise Standards for Publicly Supported Work](#). Center for American Progress, Jan. 31, 2024.

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UC Berkeley Labor Center

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