CLASP
The Center for Law and Social Policy

https://www.clasp.org/

More Federal Action is Needed to Promote Equity and Growth in the Green Workforce

By Cameron Johnson, Emily Andrews, and Melissa Young

The Inflation Reduction Act (IRA) represents the most sweeping piece of legislation to address the climate crisis this century. Moreover, it comes at a pivotal juncture.

In June, the U.S. Department of Energy released the 2022 U.S. Energy and Employment Report (USEER), a study providing estimates of employment and workforce characteristics in the energy economy. A major topline was the positive trends in the clean energy economy. However, the report revealed an unfortunate and ongoing challenge and reality for the energy sector: it continues to have difficulty hiring workers and has a pervasive lack of gender and racial diversity.

While the IRA is a major step towards fighting the threat of climate change, Congress' failure to include significant workforce development investments in the bill may blunt its impact. It may also unintentionally reinforce racial and gender inequities.

Here are three major takeaways from the USEER report and their implications for the green workforce as the IRA takes effect:

- **Clean energy is growing and poised to benefit from IRA investments**

The USEER showed positive job growth across the board in clean energy sectors. Electric and hybrid vehicles; batteries for grid storage and electric vehicles; and solar and wind energy all gained new jobs in 2021. Notably, the percentage of employment growth in each of these technologies outpaced U.S. job growth overall. While many of these technologies still haven't gained back all the jobs lost in the 2020 downturn, all of them are expecting job growth from 2021 to 2022.

While this job growth is promising, meeting emission reduction and clean energy employment goals requires new investments and strategies to spur consumer demand. Here, the IRA's tax credits can help. They will accelerate the manufacturing of clean energy technology and the building of clean technology manufacturing facilities, both of which will be critical in meeting our emissions reduction goals.

While the clean energy workforce is rising, the USEER points to notable employment declines in the extractive economy – namely in oil, coal, and fossil fuels – in 2021. Jobs in petroleum and coal extraction and mining declined significantly, at about 18 percent of jobs each. Coal electricity generation also lost jobs. These losses continue a downward trend from the previous year. The immediate need to transition to more renewable energy sources is irrefutable. Yet such declines can plunge entire communities into economic devastation. Securing a just transition to renewable energy requires targeted workforce approaches alongside investments in the clean energy economy.

- **The clean energy workforce lacks diversity and needs training**

Across various clean energy technologies, overwhelming majorities of employers report finding qualified workers as "very difficult" or "somewhat difficult." Many say they need increased workforce training and workers with more technical skills. Moreover, infusions into the green economy through the IRA will undoubtedly increase demand.

At the same time, everybody is not participating equally in this growing economy. The USEER identifies significant disparities in the employment of communities that have been historically marginalized. Across clean energy sectors, the workforce is predominantly white and male. The workforce participation rate for women and people of color in clean energy has remained virtually unchanged over the last three years, demonstrating the persistence of these disparities.

As noted in the USEER report, in 2021 Black Americans held only seven percent of jobs in wind technology, and only eight percent in both solar and energy efficiency jobs. In those same technologies, women held 26 percent of energy efficiency jobs and 30 percent of both solar and wind technology jobs. For both groups, these rates fall below the average of their workforce participation nationally.

- **Congress must invest in evidence-based and targeted workforce development strategies focused on transitioning to the green economy**

The funding in the IRA to support the transition to green technology is critical to address the impact of climate change in our country and worldwide. This includes funding for a clean energy technology accelerator that will support the deployment of technologies to reduce emissions in historically marginalized communities. Environmental and climate justice block grants included in the law will also strengthen infrastructure and workforce development in those communities. Nevertheless, this investment is merely a down payment for more comprehensive investment in workforce development.

To address the significant underrepresentation of workers of color and women in the green workforce, while meeting the need for increased training, Congress must increase funding for proven workforce development strategies that bring these populations into clean energy. In particular, Congress must invest in linking historically disadvantaged communities to quality jobs through Registered Apprenticeship Programs (RAPs); pre-apprenticeship programs; subsidized jobs; and a fully funded Civilian Climate Corps. Per its Justice40 initiative, the Biden administration must follow through on its pledge to deliver 40 percent of the benefits of its investments in tackling the climate crisis to disadvantaged communities.

The IRA also includes a provision that provides enhanced tax credits for investments in communities with historically significant employment in extractive jobs. These are disproportionately communities of color and communities with low incomes who sit on the frontline of the energy transition. Alongside the resource allocation, policymakers must follow up on these investments with mechanisms designed to assist the extractive workforce. This must include financial assistance for dislocated workers, matching current skills with clean energy opportunities, and matching the sense of purpose and meaning workers derive from their current work with parallels in the clean energy economy.

The USEER findings lay out that the time for equitable green economy investment is now. The IRA is a meaningful first step toward that end. Congress must pass even stronger legislation that tackles the global climate crisis. In doing so, it must put populations that have been marginalized and energy transition communities on a pathway out of poverty and into prosperity.