

**United States House of Representatives
Select Committee on the Climate Crisis**

**Hearing on February 2, 2022
“Manufacturing a Clean Energy Future:
Climate Solutions Made in America”**

Questions for the Record

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The Honorable Kathy Castor

- 1. There is a global competition to build the vehicles of the future. How would incentives for domestic manufacturing of clean vehicles help the United States compete and create good-paying jobs? And how would electric vehicle tax credits help encourage domestic manufacturing?**

Federal and state governments have the ability to shape the domestic EV supply chain -- and the jobs that support it -- through EV tax credits. The new federal EV consumer tax credit (36C, formerly 30D) in the House-passed Build Back Better Act reduces the upfront cost of EVs to drivers, and makes buying domestically-manufactured, union-made EVs an easier, and more affordable choice through its phased-in domestic assembly requirement and its collective bargaining bonus.

The phased-in domestic assembly requirement in 36C, which would take effect beginning in 2027, encourages auto manufacturers to locate their EV production here in the United States by ensuring strong demand for US-made EVs well into the future. Such policies have proven impacts on automakers' decisions; the Biden Administration's commitment to establishing US leadership in EV manufacturing has driven many automakers -- foreign- and domestic-owned -- to make major, long-term investments in new and existing US facilities (see Figure 2 of BGA's report on the EV tax credit).¹ These investments mean good manufacturing jobs, not only in assembly, but also down the automotive supply chain. Research on employment multiplier effects from the Economic Policy Institute shows that 100 additional jobs in motor vehicle

¹ BlueGreen Alliance. 36C EV TAX CREDIT MUST SUPPORT GAINS FOR CLIMATE, WORKERS, AND COMMUNITIES. Available online: <https://www.bluegreenalliance.org/wp-content/uploads/2021/11/1121-36C-Factsheet-vFINAL.pdf>

manufacturing support and create over 1400 supply chain and induced jobs (jobs in the service industry, consumer goods, etc. that are created when more people have disposable income).²

The 36C collective bargaining bonus, which reduces the purchase cost of union-made EVs to consumers by an additional \$4,500, works to further lower the upfront cost of EVs and accelerate EV deployment, while ensuring that these new domestic auto manufacturing jobs are family-supporting jobs with high wages and good benefits, in safe and equitable work environments. Federal incentives such as the EV tax credit should prioritize support for companies that are doing right by their workers and setting industry standards for this sector that is still in its nascency.

Tax credits are just one of a slew of tools that policymakers can use to shape the future of EV manufacturing in America. It's important to pair demand-side tactics like credits and rebates with direct investments in EV manufacturing that provide immediate support to auto manufacturers who choose to build here, such as through the Advanced Technology Vehicle Loan Program at the Department of Energy, and Section 132 Domestic Conversion & Retooling Grants. Both of these critical programs, which extend capital to domestic manufacturers producing clean vehicles, are also funded by the Build Back Better agenda and must be prioritized if we are to achieve our climate goals in ways that create good jobs here in the US.

A recent report³ from BGA, NRDC, AFL-CIO, USW, UAW, The Greenlining Institute, and the Economic Policy Institute found that over 220,000 domestic manufacturing jobs depend on if and how policymakers respond to the global shift to cleaner vehicles. A proactive policy response that captures the economic benefits of the transition for US workers will onshore the EV supply chain through direct manufacturing investments, and grow the share of US-made EVs in the US vehicle market through a smart EV tax credit.

2. How can we ensure that there are high road labor standards for domestic manufacturing and production of climate solutions?

In my testimony, I stated that we must ensure that investments in energy efficiency and the deployment of clean and renewable technology investments translate into good jobs that are also truly accessible jobs. This includes supporting and growing pathways into good union jobs in these and other sectors for workers of color and other segments of the population historically left out of these jobs.

² Economic Policy Institute, "Updated employment multipliers for the U.S. economy," January 2019. Available online: <https://www.epi.org/publication/updated-employment-multipliers-for-the-u-s-economy/>

³ Economic Policy Institute, "The stakes for workers in how policymakers manage the coming shift to all-electric vehicles," September 2021. Available online: <https://www.epi.org/publication/ev-policy-workers/>

To achieve these goals, a critical tool at our disposal is unionization. Research has shown that through the collective bargaining power of unions,⁴ workers are able to get more and better benefits such as health insurance and pensions, and are able to fight for more enforcement of the labor protections they have a right to under the law, like enforcement of safety and health regulations, and overtime. And research has shown that across the board, union members earn higher wages than non-union workers,⁵ and the difference is most pronounced for workers of color and women. White union members earn on average 17% more than their non-union counterparts. Female union members earn 28%, Black union members earn 28% more and Latino union members earn 40% more in wages than non-union Latino workers. Increasing union density in the clean energy sector is therefore a key way to address the inequity inherent in our economy. It is critical that the House-passed Protecting the Right to Organize Act is made law.

Other key mechanisms for job quality, building career pathways, and increasing job access are prevailing wage standards, registered apprenticeship, pre-apprenticeship, and other union affiliated training programs. Project Labor Agreements (PLAs), Community Workforce Agreements (CWAs) and Community Benefit Agreements (CBAs) are additional opportunities. These types of agreements often include local hire provisions, targeted hire of low-income or disadvantaged workers, and the creation of pre-apprenticeship pathways for careers on the project. We must ensure that steps are taken to require or incentivize these kinds of high road labor standards and responsible labor practices. Congress should add conditions on federal funding to require high-road labor standards as part of projects aimed at solving the climate crisis or prioritize projects that include these standards.

Policies that increase the demand for clean technology must also go hand in hand with incentives to support and grow American manufacturing and domestic supply chains. Already, as the nation increases deployment of clean technology, our ability to manufacture those products and the parts and materials that go into them is falling further behind as demand increases. That is why targeted investments and smart policies are needed to ensure that the nation is able to capture the benefits of the clean energy economy. These include domestic content requirements on clean energy deployment tax incentives, support for capital investment in new or expanded clean technology manufacturing capacity, and ongoing support through a clean technology manufacturing production tax credit.

These kinds of policies will help ensure that as we meet our climate goals and support and grow our domestic manufacturing supply chains, that workers truly reap the benefits. Researchers from Princeton University⁶ in a recent working paper found that increasing wages and the amount of

⁴ Economic Policy Institute, Black workers face two of the most lethal preexisting conditions for coronavirus, racism and economic inequality, 2020. Available online: <https://www.epi.org/publication/black-workers-covid/>

⁵ Bureau of Labor Statistics, Union Members— 2021, January 22, 2021. Available online: <https://www.bls.gov/news.release/pdf/union2.pdf>

⁶ Bureau of Labor Statistics, Union Members— 2021, January 22, 2021. Available online:

domestic content in the solar and wind energy industries will result in significant benefits for workers in those industries, including billions in higher wages and hundreds of thousands of new jobs in the 2020s. The researchers found paying workers 20% more and increasing the use of domestic content would generate an additional \$5 billion in annual wages in the 2020s, which equates to increasing each worker's average annual wages by over \$12-13,000. And by producing more of these components here in the United States, we can support an additional 45,000 jobs in the 2020s. Finally, as we transition to a new, cleaner economy, we can't leave impacted workers or communities behind. A transition that is fair for impacted workers and communities isn't something that will happen organically. We have to choose to invest in keeping communities and workers whole and in the economic development and diversification of regions impacted by this shift. We have to do so with a recognition that the best approach to energy transition among workers and communities is one that prevents economic disruption and employment loss in the first place. Part of this strategy should include targeting clean energy and manufacturing investments towards workers and in communities experiencing the economic impacts of energy transition as part of a broader set of investments to build a clean, prosperous, and equitable economy for all.