



# MAINE AFL-CIO

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## **Testimony of Maine AFL-CIO Executive Director, Matt Schlobohm, in Support of LD 1895, An Act Regarding the Procurement of Energy from Offshore Wind Resources**

**May 18, 2023**

Good afternoon Senator Lawrence, Representative Zeigler, and members of the Energy, Utilities, and Technology committee. My name is Matt Schlobohm. I'm the Executive Director of the Maine AFL-CIO. Over the last couple of years, I've had the pleasure of serving on Maine's Climate Council and Maine's Economic Recovery Committee. The Maine AFL-CIO is a labor federation representing 200 local unions and 40,000 working people in Maine. We work to improve the lives and working conditions of our members and all working people. We testify in support of LD 1895.

Organizationally, we start from a place of recognizing that we face two urgent, interrelated challenges: accelerating climate change and deepening inequality. We must address these challenges together and we support LD 1895 because it does just that.

Inequality of wealth, income, opportunity and power is growing. These inequalities cut deeply along lines of race, gender and geography. The pandemic only accelerated these inequalities and also laid them painfully bare for us to take full stock of. The top 1% own more wealth than the bottom 90% of Americans.<sup>1</sup> The three wealthiest Americans own more wealth than the bottom 50% of our population – 165 million people.<sup>2</sup> In Maine, median real wages only grew twenty-three hundred dollars from 2001 to 2018, a rate of 6.6% over 19 years.<sup>3</sup> And, as of 2018, 45% of Mainers could not afford an emergency unexpected \$400 expense.<sup>4</sup> Inequality has far reaching consequences from downward pressure on

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<sup>1</sup> *The richest 1 percent now owns more of the country's wealth than at any time in the past 50 years*, Washington Post, December 6, 2017 by Christopher Ingraham

<sup>2</sup> *The 3 Richest Americans Hold More Wealth Than Bottom 50% of the Country, Study Finds*, Forbes, Nov 9, 2017 by Noah Kirsch

<sup>3</sup> Data from annual median wages from the Quarterly Census of Employment and Wage of the Bureau of Labor Statistics for Maine

wages to significantly decreasing life expectancy. The richest Americans live ten to fifteen years longer than the poorest Americans.<sup>5</sup>

We also know that climate change is warming our oceans, raising sea levels, changing our seasons, increasing extreme weather, jeopardizing the integrity of our ecological systems and moving people, animals and pests into motion. Climate instability impacts the future of work – what jobs people do, how they do those jobs and what their working conditions are – whether its firefighters battling ever expanding wildfires, park rangers dealing with increased ticks and lyme disease, fishermen and women facing warming oceans or construction workers facing ever hotter summers. And, of course, we know time is of the essence.

Our response to the climate crisis must be swift and bold. We have to rapidly reduce greenhouse gas emissions and decarbonize our economy. That change is coming and we have two options for how we pursue it in Maine and nationally. Do we build a clean, low-carbon economy built with disproportionately lower-wage, lower-benefit, lower-quality jobs or do we create tens of thousands of good paying, high road, often union jobs? Taking the high road will not just magically happen by itself. It requires that we make deliberate policy choices and that we directly address – and not reproduce or exacerbate – existing economic, racial and gender inequalities.

To date, the quality of jobs in the renewable energy economy in Maine and nationally has been very uneven by occupation and leaves much to be desired. Simply put, the promise of high quality green jobs has not lived up to its billing. Jobs in these emerging clean energy industries pay less than jobs in the fossil fuel industry and to date – on the whole – these jobs have come with mediocre wages and benefits. To take one example, the emerging utility scale solar industry has not created high quality family sustaining jobs.<sup>6</sup> Over the last decade, a low-wage workforce that chases solar installation projects from state to state for meager wages has proliferated around the country. These workers are frequently employed by temporary agencies, receive the most minimal of benefits, operate without critical safety protections and protocols, travel to job sites with promises that frequently go unfilled and

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<sup>4</sup> *Could you Cover an Unexpected \$400 Expense? Nearly half of Mainers could not.* Maine Center for Economic Policy, June 26, 2018. Accessed at <https://www.mecep.org/blog/could-you-cover-an-unexpected-400-expense-nearly-half-of-mainers-could-not/>

<sup>5</sup> *The Gross Inequality of Death in America*, The New Republic, May 10, 2019 by Roge Karma <https://newrepublic.com/article/153870/inequality-death-america-life-expectancy-gap>

<sup>6</sup> See for example *Building Solar Farms May Not Build the Middle Class*, New York Times, July 16, 2021 by Noam Scheiber <https://www.nytimes.com/2021/07/16/business/economy/green-energy-jobs-economy.html> or *Shifting America to Solar Power is a Grueling Low Paid Job*, Vice, June 27, 2022 by Lauren Kaori Gurley <https://www.vice.com/en/article/z34eyx/shifting-america-to-solar-power-is-a-grueling-low-paid-job> or *Workers on Solar's Frontlines*, American Prospect, December 7, 2022 by Lee Harris <https://prospect.org/labor/workers-on-solars-front-lines/>

operate in a labor market with the most minimal enforcement of basic employment rights<sup>7</sup> We have the opportunity to do so much better with the development of the offshore wind industry and LD 1895 moves us in that direction

### **What LD 1895 Does:**

At its heart, this bill establishes the conditions under which a phased procurement of offshore wind resources will take place Offshore wind is a necessary component of Governor Mills' "Maine Won't Wait" plan to do our part to address climate change We have a stunning opportunity to both address climate change and create a new high, road industry that puts thousands of Mainers to work in good jobs With a once-in-a-century investment underway at the federal level, we have a real opportunity to make this new industry and economy work for working class Mainers

LD 1895 contains a phased procurement schedule, a fund to protect the fishing community and protect low-income ratepayers, labor standards, hiring incentives for local and traditionally underrepresented populations, a reform of the existing Advisory board to the Offshore Wind Research Consortium, requirements that include mitigation plans for impacts on wildlife and fisheries, fees assessed on projects that will be used to fund the low income and fisheries protection fund, and an incentive to keep projects out of lobster management area 1 (LMA-1)

The labor standards in this bill will ensure that we create high quality jobs in this industry Project Labor Agreements (PLAs) are a project management tool that allow developers and workers to come together to ensure a local, highly skilled workforce on a project so that it can be completed on time and under budget A Project Labor Agreement is a pre-hire, project-wide negotiated agreement that establishes ground rules that cover all contractors and all construction workers on a project Project Labor Agreements have been in the news recently as the federal government is utilizing them on federal construction contracts over \$35 million<sup>8</sup> and numerous states are using them for the build out of offshore wind and ports<sup>9</sup> In Maine, PLAs have been used most recently in the offshore wind industry as

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<sup>7</sup> See again *Shifting America to Solar Power is a Grueling Low Paid Job*, Vice, June 27, 2022 by Lauren Kaori Gurley <https://www.vice.com/en/article/z34eyx/shifting-america-to-solar-power-is-a-grueling-low-paid-job>

<sup>8</sup> See <https://www.whitehouse.gov/briefing-room/statements-releases/2022/02/03/fact-sheet-president-biden-signs-executive-order-to-boost-quality-of-federal-construction-projects/> and <https://www.laborrelationsupdate.com/uncategorized/president-biden-signs-executive-order-requiring-project-labor-agreements-for-large-scale-federal-construction-projects-35-million/>

<sup>9</sup> For just a very partial snapshot Project Labor Agreements have been utilized on most of the offshore wind construction projects completed or planned to date in this country PLAs were required by the state in OSW port buildouts in New York, CT, RI, and NJ Every single one of the current or planned projects to build OSW generation facilities (i.e. the turbines themselves rather than the port facilities) on the east and west coast and Great Lakes is happening under a PLA NY and MD

the offshore wind research array will be built under a Project Labor Agreement<sup>10</sup> and in the affordable housing industry as energy efficient affordable housing projects will be built under a PLA <sup>11</sup>

Used since the 1930s, PLAs are an effective tool for ensuring timely, cost-effective delivery of projects. The empirical evidence,<sup>12</sup> overwhelmingly points to PLAs as the best tools to ensure on-time and on-budget project completion that do not raise costs. That is because they

- o standardize work schedules, apprentice-journeyworker ratios, hours, payment arrangements, and workers compensation policies across up to more than twenty crafts on a project,
- o prevent delays by standardizing contract expiration dates, guaranteeing no-strikes/no-lockouts, and providing alternative/swift dispute resolution procedures,
- o provide immediate access to a pool of highly trained workers, which consistently translates into safer job-sites with fewer delays due to lower injury rates

Additionally, the advantages of this business model are that it facilitates more accurate budgeting and cost forecasting for project owners and contractors by establishing set wage rates for all craft workers and apprentices on the project. Finally, future building maintenance costs are often lower.

### **Lobster Management Area 1:**

The importance of the language around LMA-1 cannot be overstated. Our lobstermen face numerous challenges from a changing regulatory landscape to rising prices to the movement of the lobster population due to climate change. It is smart public policy to develop our offshore wind industry in a way that protects critical fishing grounds. LD 1895 would incentivize developers to put their floating offshore wind arrays outside of LMA-1 which is where the majority of Maine's lobster fleet fishes. The fishing permit density is more than 15 times higher in LMA-1 than LMA-3 <sup>13</sup>

The Maine AFL-CIO hasn't taken a position on offshore wind in the past. This is because lobstermen are workers, too, and until now we haven't seen a path forward that wasn't a zero sum path. In the past it

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law require that OSW generation projects happen under PLAs and Labor Peace Agreements for operation/maintenance, and Mass and RI encourage PLAs

<sup>10</sup> <https://www.pressherald.com/2021/04/07/contractors-developer-promote-offshore-wind-jobs-deal-for-maine/>

<sup>11</sup> See LD 1656 (130<sup>th</sup>) <http://www.mainelegislature.org/legis/bills/getPDF.asp?paper=HP1227&item=5&snum=130> with accompanying funding and PLA provisions in LD 1733 (130<sup>th</sup>)

<http://www.mainelegislature.org/legis/bills/getPDF.asp?paper=SP0577&item=16&snum=130>

<sup>12</sup> See for example *Project Labor Agreements in NY State In the Public Interest*, Fred Kotler, JD, Associate Director Construction Industry Program, Cornell, March 2009. Accessed at

[https://ecommons.cornell.edu/bitstream/handle/1813/74340/Project\\_Labor\\_Agreements5\\_26\\_091.pdf?sequence=1&isAllowed=y](https://ecommons.cornell.edu/bitstream/handle/1813/74340/Project_Labor_Agreements5_26_091.pdf?sequence=1&isAllowed=y)

<sup>13</sup> <https://www.fisheries.noaa.gov/permit/american-lobster-permitting-information>

was either lobstermen prevailed, or offshore wind, addressing climate change and construction jobs prevailed. With LD 1895, we now have a way that both parties can be well served.

We are excited to support a proposal that protects fisheries and builds out an industry with high road labor standards that translate into very high quality jobs.

**Conclusion:**

We support the bill before you because in our response to the climate crisis we have a tremendous opportunity to build a more equitable, high road economy. That will not just happen on its own. Good jobs do not just fall from the sky. They typically result from public policy, workers' overall bargaining power, and market dynamics. LD 1895 seeks to ensure that as Maine tackles climate change and builds out a new industry, it benefits our communities, protects our fisheries and leads to good quality jobs, a highly trained workforce and economic opportunities for a diverse and broader set of workers.

That's good for our economy and it is also essential to the durability and viability of our response to the climate emergency. The climate crisis demands dramatic transformations. We can only achieve those if they are accompanied by shared economic benefit that people can see and touch and feel in their lives.

For all of these reasons, we urge you to vote ought to pass on LD 1895.