

SENATE OFFICE OF OVERSIGHT AND OUTCOMES

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Oversight Report Urges New Strategy for Capturing Green Energy Manufacturing Jobs, Questions Conventional Approaches

SACRAMENTO -- A report released today by the Senate Office of Oversight and Outcomes recommends that California move cautiously to recast its renewable energy policies to capture more manufacturing jobs. The report suggests one promising alternative to existing subsidies: a state-sponsored “green bank” that would loan money to new businesses willing to manufacture in California.

“Manufacturing jobs, subject to strong global economic forces, may be elusive or fleeting regardless of how much taxpayer money a state invests to keep them,” according to the report, *Finding the Sweet Spot: Green Energy Incentives and Job Creation*.

The report is available [here](#). It was requested by the Senate President pro Tem’s office after Solyndra, a Fremont solar manufacturer, filed for bankruptcy and fired more than 1,000 workers despite the assistance of a \$535 million federal loan guarantee.

As taxpayers and electricity consumers, Californians pay more than a half-billion dollars a year to foster and subsidize renewable energy, the report notes. The state leads the nation in production of energy from the sun, wind, earth’s heat, and farm and forest waste.

The California clean-energy industry generates thousands of jobs in sales, design, installation, and maintenance.

But manufacturing is another story. Most solar panels and wind turbines installed here are made in factories outside California, in other states and nations.

In these days of high unemployment rates, that fact raises an obvious question: How can the state do more to ensure that renewable energy companies subsidized by Californians use California workers to make their products?

The report scrutinizes three of California's renewable energy subsidy programs and provides an overview of others. It catalogs the green-energy companies actually manufacturing in the state. It describes recent global upheaval in the solar manufacturing industry. It also offers case histories showing how companies manipulated two state programs to win millions of dollars in subsidies. Finally, the report explores the reasons that businesses leave California to build factories, and it tracks the mixed success of Oregon and Mississippi, two states that lately have used rich incentives to lure California solar manufacturers.

The oversight office finds wisdom in the current California approach of not trying to outdo other states' incentive packages in order to keep or lure green-energy manufacturers.

The report recommends that policymakers:

- ✓ Review current incentive programs for effectiveness and eliminate those that aren't working.
- ✓ Assure that programs are transparent, so the public can track spending and outcomes.
- ✓ Consider creating a public green bank that loans money to young companies from a revolving fund. Such targeted help could boost the odds that products invented in California are also mass-produced here.
- ✓ Install "clawbacks" in any such program to ensure taxpayers are compensated if subsidized companies fail to deliver on promises.

The non-partisan Office of Oversight and Outcomes was created in 2008 by Senate President pro Tempore Darrell Steinberg (D-Sacramento) to bolster the Senate's ability to measure government performance.