



# Just Recovery: Identifying Pandemic Profiteers and Imagining Worker-led Economies



**UCLA, Luskin School of Public Affairs  
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# Biographies - Community Scholars

## **Alicia Morales Perez,**

is originally an immigrant from Mexico and now longtime resident and organizer in Los Angeles County. She is interested in creating a safe and healthy community for all by focusing on immigrant, housing and economic justice issues.

## **Andres Gonzalez**

is driven to understand and prepare for the impacts of climate change on migration and displacement. With a focus on environmental design and urban migration, he aims to foster a network of allies, colleagues, and co-conspirators focused on intersectional issues and common struggles of BIPOC, migrant, and working class communities working towards transformative climate futures.

## **Breigh Montgomery**

has a background in public affairs and community development finance. She studies affordable housing and community economic development and hopes to create capital systems that equitably route and distribute resources throughout her career.

## **Chelsey Bryant**

studies workforce development opportunities at the intersection of sustainability, urban economics, and technology. She is motivated to further advance decarbonization and economic development initiatives to drive equitable change in the region.

## **Cynthia Bourjac**

is a community organizer that seeks to build collective power to build unity and raise systematic awareness among marginalized communities. She studies models of economic development to learn about possibilities of regenerative care and safety practices.

## **Demetria M. Murphy**

studies community economic development at the intersections of racial and economic justice, urban development, public infrastructure, and work. In her spare time, she enjoys fort time with her niece and nephew, listening to waves crash onto Alamitos Beach shore, and a good podcast. Demetria earned her Bachelors of Science in Foreign Service at Georgetown University.

## **Diego Gomez**

is concentrating in community economic development and hopes to work at the intersection of community organizing and wealth building in communities of color. He has previous work experience in renewable energy finance.

## **Elena I. Hernandez**

is a dual-degree student majoring in both Urban Planning and Public Health. Her research interests include healthy cities and sustainability, built environment, and environmental justice. Using her lived experiences as a resident of the Inland Empire, Elena hopes to become a planner focused on improving health outcomes for underserved communities.

# Biographies - Community Scholars (Cont'd)

## **Gerrlyn Gacao**

has a background in community organizing as well as public service, and is passionate about economic and housing justice. After graduating, she hopes to implement and advocate for policies fostering alternative community development models.

## **Isabel Cárdenas**

studied Earth Systems at Stanford University and is studying Transportation Policy and Planning at UCLA. She is interested in environmental justice for populations impacted by transportation systems. Isabel is passionate about mobility justice in transportation and, as a planner, wants to center aging and disabled populations.

## **Irene Takako Farr**

is a planning student studying land use policy and design. She has experience in environmental policy and waste management, and has produced research on waste, infrastructure, and the climate movement during her time at UCLA.

## **Jacob Woocher**

is finishing his joint JD/MURP degree in law and urban planning. He is a member of the LA Tenants Union and will soon be working as a tenant lawyer in Los Angeles.

## **Matt Phillips**

is studying climate adaptation planning and urban politics. He has experience working with labor unions, environmental organizations, and community groups. He is interested in producing research that builds worker and community power.

## **Rumsha Sajid**

is an organizer and writer. Her experiences include working as a community land trust organizer and a teaching artist with teens. They are interested in housing, radical public art, youth empowerment, and resisting carcerality.

## **Mike Van Gorder**

is interested in reparative housing policy, particularly at the state level, and alternative housing models like social housing and the Hawai'i ALOHA Homes proposal. He plans to enter the public or nonprofit sector and remove governmental barriers to equitable housing opportunity. He loves punk rock, cycling, baking, and fatherhood.



# Preface

## The Community Collaborative

The Community Collaborative, launched in 2020, grew out of the Community Scholars Program, which was created in 1991 as a joint initiative of UCLA's Department of Urban Planning and the Center for Labor Research and Education in recognition of the important role that grassroots community and labor leaders and organizers play in shaping community development policy in Los Angeles.

The Community Collaborative program continues to work in this spirit and provides an opportunity for key grassroots players, regardless of their formal education background, to participate in this special applied research seminar along with Urban Planning graduate students. All work together on research and strategy-building on an issue of pressing concern to Los Angeles communities.

The Urban Planning Department provides an opportunity for our graduate students to increase their connection with labor unions and community organizations, research, analyze, and advance progressive policies that are transformative rather than accommodative.

## The Union and Community Partners

This year, I was invited to lead a group of second year students to examine the impact of Covid-19 on workers, their organizations, and the responses by the workers and their organizations. We committed to exploring what alternative actions, policies, and programs could be pursued to insure that we simply not return to the status quo ante.

To make this a success, we were fortunate to have the California Labor Federation (AFL-CIO) as our client, as well as, to have two of their lead staff

actively participate in this program. In addition, our T.A. was Justin McBride, an Urban Planning Ph.D. student who had extensive experience working in the union movement. Our partners consisted of fourteen unions and community-based organizations (with twenty-one of their representatives) who met with us on weekly Zoom sessions.

We began meeting in the Fall quarter with the selected students, while I reached out over the summer and fall to engage various unions and labor-oriented community organizations to engage with the graduate students. Consequently, by the time the course officially began in January the graduate students and the organizations had already developed a working relationship.

The students and labor organizations focused on workers and their experiences, the impact of Covid-19 on workers and their organizations, and what policies and programs could be pursued to transform the conditions of work.

## The Focus on Covid-19 Impacts and Responses by Workers and Organizations

The students, working with their union partners, decided to focus on three main themes:

1. **"The Pandemic Profiteers,"** an examination of how labor is exploited by corporate interests, especially Amazon, and the private equity firms that exploit health care and other service sectors through the manipulation of public funding.
2. **"Public Funding & Power Building"** and how it results in regressive spending in areas such as the public schools and the community colleges.
3. **"Eco-Transformative Economies for Solidarity,"** which seeks

to understand and redirect the economies of electrical workers and garment industry workers.

It is our hope that this report to the California Labor Federation, and the participating unions, will provide a foundation for understanding and changing the policies that use Covid-19 as a lever to exploit workers and their communities.

-Goetz Wolff

# Executive Summary

## Project Description

The 2021 UCLA Community Collaborative is an applied research project that continues the UCLA Luskin School of Public Affairs tradition of academic partnership with community stakeholders. From January to June 2021, Master of Urban and Regional Planning students worked with diverse members of Los Angeles' labor movement to investigate the disproportionate harm the Covid-19 pandemic has had on "essential" labor, workers, and communities in Southern California, and to assert paths forward for a labor-centered, carbon-neutral future. The proposal for this research and the development of this report occurred in the context of the pandemic and stay-at-home orders. Students and labor partners see the critical disruptions from such conditions as an opportunity for clearer critique around failing socioeconomic systems and actionable dialogue.

## Scope

Student researchers and union partners were divided into three research teams: Pandemic Profiteers, Public Funding and Power Building, and Eco-Transformative Economies for Solidarity.

**Part I: Pandemic Profiteers** investigates major corporations and financial entities profiting off of the Covid-19 pandemic. The research characterizes the workers and communities in harm's way, and how the pandemic has both entrenched and illuminated the increasingly dystopian relationship between these corporations and those they exploit. This section focuses specifically on Amazon, private equity firms, hospitals, and corporate profiteering from the federal CARES Act. It also features examples of workers and communities fighting back.

**Part II: Public Funding and Power Building** focuses on public sector

spending on education in Southern California. Beginning with analyses of regressive spending, this section then profiles how communities and workers are implementing regenerative economies that center interdependence, redistribute wealth, and promote grassroots visions for justice.

**Part III: Eco-Transformative Economies for Solidarity** examines the discourses of "green" policies that nonetheless ignore the needs of workers and marginalized communities. It aims to identify pathways for a worker-centered, carbon-neutral future. The research focuses on electrical workers and garment workers as well as their respective organizations, International Brotherhood of Electrical Workers Local 11 and the Garment Worker Center.

## Project Vision & Key Concepts

As Southern California begins to recover from the pandemic, workers, community organizations, and government agencies can build a better Los Angeles. A just recovery means the end of corporate profiteering and a rebalancing of power between workers and their employers. It means ending regressive public spending that diverts critical funds away from communities. It means building an equitable and racially just eco-transformative economy that enables workers and their communities to thrive.

### Serf Economy

The pandemic created a massive global shock that powerful financial actors took as an opportunity. We sought to investigate how this event has both entrenched and illuminated the increasingly dystopian relationship between corporate giants and their workers, a power imbalance we have come to characterize as neo-feudal. We use the term "Serf Economy" to describe **conditions of extreme inequality, generalized precarity, and monopoly power**<sup>1</sup> that define this moment. We intentionally

name it Serf Economy to center the voice and experience of those who simultaneously suffer and lead liberation from this system.

We assert that this Serf Economy, with its "differentiated legal [and financial] architecture that protects corporations, owners, and landlords,"<sup>2</sup> works through three primary and mutually reinforcing political-economic instruments: monopoly, coercion, and rent. Today's globalized, capitalist political-economic system is best understood through its feudalizing tendencies. Feudalism is largely defined by a fundamental inequality that enables the direct and indirect exploitation of "peasants" by "lords." Exploitation in today's Serf Economy goes far beyond the site of labor - environmental degradation, adverse health outcomes, surveillance, policing, and debt, among others - and often produce unassailable barriers to mobility. Accumulation occurs as much through rent, debt, and force as commodity production and wage labor. Many modern-day lords can be found in C-Suites, located from Wall Street and Silicon Valley to the Federal Reserve's Board of Governors and Congress. Most are insulated from public accountability, transparency, and even public law.

### Reparative Public Goods

**Reparative public goods** deliberately build towards a future world "without prisons and policing," but instead with "housing, healthcare, and education," creating new possibilities for BIPOC people to thrive.<sup>3</sup> This requires an intentional investment in funding, processes, and programs that center care, expand access to vital resources, engage the community and build leadership. The Hawaii State Commission on the Status of Women's *Feminist Economic Recovery Plan for Covid-19* points to an example of investing federal stimulus funds in social service and care-based programs while also seeking to raise the minimum wage to "redress critical economic inequalities" of women.<sup>4</sup> Reparative public goods are a vehicle to redress white supremacy and state violence and repair the damages of racial

capitalism.<sup>5</sup>

Supporting reparative public goods accomplishes a dual objective: dismantling state-sponsored tools that disproportionately harm communities of color while creating and reshaping programs that can empower communities of color. We propose five reparative public good approaches that address municipal funding, public health, education, power building, and wealth building. Each of these approaches addresses critical needs, but building bonds between all these approaches would create the feedback effect necessary to ensure long-term sustainability.

### Solidarity Economy

The **solidarity economy** is an economic model created in 1970 Latin America as a means to reject waves of neoliberal and U.S. interventionist policy in the region. It is rooted in an understanding that communities can meet their own needs through practices of communal interdependence.<sup>6</sup> Unlike many alternative economic projects that are come before, solidarity economics does not seek to build a singular model of how the economy should be structured, but rather pursues a dynamic process of economic organizing in which organizations, communities, and social movements work to identify democratic and liberatory means of meeting their needs. It circulates funds back into the community through economic practices such as co-operatives, community financing, land trusts, and barter clubs. Solidarity economy requires radical reshifting in how we understand housing, financing, production, trade, and creation. It is a form of resistance against the neoliberal private actors who shape the economy for the benefit of the few. Practices of solidarity economics have existed for centuries and have been used as a means of Black and Indigenous resistance against extractive and capitalistic economic structures.<sup>7</sup>

In understanding regenerative ways to approach public funding, the solidarity economy is useful to advocate for community-centered funding

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models. The solidarity economy can be a useful tool in advocating for regenerative economic practices that keep capital circulating within the community, rather than being extracted by private profiteers. Through the solidarity economy model, we are able to imagine recommendations for public funding that are redistributive and forego our reliance on unethical neoliberal practices.

Worker movements and unions are a major part of solidarity economics. The solidarity economy disrupts our reliance on major corporations with the long term goal of making corporate profiteering obsolete. Much like the waves of mutual aid that became mainstream during the pandemic, the solidarity economy illustrates that it is possible to create structures of mutual support and community-centered financing that benefit the community rather than extract from it. The solidarity economy disrupts our reliance on profiteers and private actors whose practices hinge on low-wage exploitation, instant gratification, and environmental harm. Rather than investing in private profiteers that keep communities in cycles of the serf economy, the solidarity economy is an alternative that asks communities to create their own structure of ethical purchasing, collective ownership, and worker cooperatives. It requires divesting from existing structures that push working class and union workers into unfair labor practices and extraction. Instead, it puts the means of production, financing, and consumption back in the agency of community members.

## Eco-Transformative

Terms like "green jobs", "green economies", and "green new deal" are deeply contested terms with large implications for the future of labor in California and Los Angeles. In the development of plans and policies around sustainability which focus on the decarbonization of the economy, such 'green' terms are often used interchangeably and without a shared understanding of who is directly affected. Public facing plans like the City of Los Angeles's 2018 "Sustainability pLAn," also known as the "LA Green

New Deal", lay out strategies and objectives for energy reliance and a green workforce, including increasing private sector green investment in Los Angeles by \$2 billion in 2035 and over 400,000 green jobs created by 2050.<sup>8</sup> The LA Green New Deal relies on the Bureau of Labor Statistics definition of green jobs as either:

- A. Jobs in business that produce goods or provide services that benefit the environment or conserve natural resources [and/or]
- B. Jobs in which workers' duties involve making their establishment's production processes more environmentally friendly or use fewer natural resources.<sup>9</sup>

Green jobs or green economies create an impression of separate industries when the reality is that green jobs are often preexisting jobs in long-standing and diverse sectors. For example, electrical workers have worked in tandem with the growth of renewable energy sources and can work on both oil refineries and solar power plants. Likewise, a garment worker may work with materials considered 'sustainable' on the assembly line just as likely as they are to work on a regular apparel line. We wish to clarify the confusion that can result from such broad considerations.

We have instead used the term **Eco-Transformative Economies for Solidarity** to center our language explicitly on the necessity of a racially just and equitable path towards carbon neutrality with workers across sectors at the forefront of this process. Any proposal that ignores the interconnectivity of these issues will create a path towards "green" futures that only focuses on the production of particular materials and potentially ignores workers' needs.

Eco-Transformative Economies for Solidarity draws from the definition of an ecosystem as a biological community of interacting organisms and their physical environment, emphasizing not just the materials involved but the types of relationships developed among actors. In utilizing the term Eco-

Transformative, we imagine not just a change to the type of materials being consumed and produced (the material and services being "greened") but instead re-envision the fundamental relationships between labor and consumption to metamorphize, wherein current economic systems change to address the harmful market practices and externalities that are at the root of interconnected social and environmental struggles. **Eco-Transformative futures reject the return to a new normal and seek instead a transformative, new path forward for the network of communities, workers, and public and private actors that make up a shared ecosystem.**

## Research Approach

Part I: Pandemic Profiteers uses academic journals, government reports, news articles, and interviews with workers and other stakeholders. Interviews were particularly crucial for the material on Amazon, which involved 18 interviews, and on Los Angeles healthcare systems, which involved three interviews. Research on Amazon also benefited from machine-learning analyses of Amazon-related subreddits. Numbers on private equity investments by California pension funds were compiled by finding each pension's disclosures online or, in some cases, reaching out directly to the funds.

Part II: Public Funding and Power Building utilizes academic literature, fiscal analyses of government budgets, case studies of grassroots organizing, and 17 interviews with union members, students, and local government officials. Part II is further guided by the framework of Research Justice, which is a "strategic framework to achieve self-determination for marginalized communities" created by the DataCenter.

Part III: Eco-Transformative Economies for Solidarity uses both qualitative and quantitative methods. Qualitative approaches include literature reviews

of relevant government documents, sectoral analyses of the electrical and garment industries, and 26 interviews with labor advocates, policymakers, researchers, and industry leaders. Quantitative methods combine spatial and data analyses to produce a series of maps focusing on the Southern California region.

## Key Findings & Recommendations

### Pandemic Profiteers

**Amazon experienced unprecedented growth amidst the economic chaos of the Covid-19 pandemic, as consumers turned to online shopping due to stay-at-home orders, public health risks, and mandates for social distancing.** Amazon's net income in 2020 roughly doubled that of 2019, and its net income for the first quarter of 2021 was approximately triple the amount for the same period the year prior. Amazon's workforce in California also doubled during the pandemic, adding 153,000 full- and part-time jobs in the state.

**Amazon's goods movement and warehousing operations are rapidly expanding, with heavy impacts concentrated in communities in the Inland Empire.** In 2020, Amazon's warehouse footprint in Riverside and San Bernardino Counties tripled. It is now the biggest employer in the Inland Empire. Furthermore, Amazon is increasingly internalizing its goods movement and delivery services, in line with its emphasis on vertical integration, and aims to internalize 85% of deliveries by the end of 2022.

**Many Amazon employees and contractors have been classified as "essential workers," and while Amazon boasts that its above-minimum wages signal that it is a great employer, workers' experiences in Los Angeles and the Inland Empire**

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**suggest otherwise.** The vast majority of delivery drivers for Amazon are not technically employees of Amazon. This decentralized structure - in addition to Amazon's underhanded maneuvering - makes it difficult for drivers to organize and bargain for better working conditions and higher wages. Drivers are also subjected to intense surveillance within their vehicles and forced to meet unrealistic delivery rates.

**Warehouse workers, too, are pressured to work at an extremely intense pace, and the nature of this work leads to injuries that Amazon's in-house medical professionals do not adequately treat.** Both warehouse workers and drivers have been denied bathroom breaks. Warehouse workers have experienced some of the highest rates of excess deaths during the pandemic, and Amazon was proven to have covered up a Covid-19 case in the workplace in at least one Inland Empire warehouse. Enforcement of labor laws by California's Division of Occupational Safety & Health has been extremely weak during the pandemic.

**Amazon has also been rapidly expanding its grocery retail operations, where the same problems persist for workers.** Workers are tracked by a wearable GPS device and can be terminated if they go one minute over their allotted ten minute break per four-hour shift. Workers have reported that malfunctioning devices lead to unnecessary discipline from management. Workers have also reported a lack of transparency regarding Covid-19 cases among employees.

**Amazon has aggressively pursued vertical integration since its inception. This influence is both harming and transforming brick-and-mortar stores.** Amazon's vertical integration strategies - buying or controlling companies within its supply chains - enable the firm to create an advantage over its competitors or absorb them, thereby reducing costs, controlling processes, and improving efficiency. Amazon's model not only diminishes competition, it makes their competitors dependent upon

them. Furthermore, Amazon's leadership in transforming the retail experience fuels a 'race to the bottom' that it creates between itself and its rivals. This does not mean the end of brick-and-mortar stores, but rather that other retailers will likely adapt strategies similar to Amazon's.

**Amazon's exploitation of its workers runs parallel to its exploitation of entire communities, especially regarding pollution and environmental justice issues.** The concentration of warehouses in the Inland Empire (IE) has led to the worst air pollution in the country. As the largest employer in the IE, Amazon is a leading contributor. Air pollution has significant impacts on pre-term birth, infant mortality, and the early onset of asthma in children. In Los Angeles, Riverside, and San Bernardino Counties, 640 schools are located within a half mile of a warehouse. In Mira Loma, subjected to heavy truck traffic, adolescents' lung function is 10-12% lower than in children who grow up in cleaner places. This is environmental racism, as warehouses are disproportionately constructed in poor and predominantly Hispanic areas.

**Communities are fighting back.** Organizations across Southern California have successfully pressured the Southern California Air Quality Management District to implement new environmental regulations on warehouses in the region. Recently, the San Bernardino Airport Communities coalition has engaged in a struggle to win a community benefits agreement attached to an air cargo logistics center. The agreement would guarantee provisions including good jobs for local residents as well as mitigation against air and noise pollution.

**California's largest pension funds collectively invest about \$80.5 billion in private equity, and pay these firms management fees in the amount of \$1.5 billion per year.** These numbers have never before been compiled, and offer an opportunity for major disinvestment that would damage the viability of such a harmful and extractive industry. Private equity (PE) acquisitions of companies frequently

## **Policy recommendations regarding Amazon include:**

1. Pass Assembly Bill 701, which addresses the issue of rates and quotas in warehouse work.
2. Institute a warehouse moratorium in the Inland Empire.
3. Increase regulation of worker-surveillance technologies.
4. Use technologies, policy protections, and reparative funding programs in order to mitigate and minimize the impact Amazon and other associated industries have on surrounding communities.

result in big profits for investors at the expense of workers and communities. Firms acquired by private equity are often loaded up with unsustainable debt and value is extracted via the "creative destruction" of the labor force. As private equity's principal means of short-term profit is a direct attack on labor at the cost of a company's long-term sustainability, any public entity with an interest in stakeholders - customers, communities, workers - should reject private equity as the bloody gamble that it is. Nonetheless, California pension funds are heavily invested in private equity, meaning workers' pensions are being used contrary to their own interests.

**Private equity's impact on the healthcare industry has been particularly harmful, a fact dramatically exposed by the Covid-19 pandemic.** The Los Angeles-based PE firm Leonard Green, the majority owner of Prospect Medical Holdings, provides a damning example of how private equity ownership can result in inadequate patient care, the gutting of pensions, a lack of personal protective equipment (PPE), and the closure of community hospitals. Despite its horrific track record, Prospect has paid out over \$658 million in fees and dividends to investors since being acquired by Leonard Green in 2010. The influence of private equity

in the healthcare industry is likely to increase post-pandemic, as big firms are sitting on massive amounts of cash, smaller players are more vulnerable than ever, and the pandemic has emphasized that health systems require profitable investments.

**Private equity firms are not the only bad actors; working with the California Nurses Association (CNA) has led to an investigation of the behavior of both for-profit and non-profit hospitals in Los Angeles.** Olympia Medical Center, a for-profit hospital in L.A.'s Mid-Wilshire neighborhood, shut its doors during the peak of the pandemic, abandoning with just three-months' notice its workers and the disproportionately low-income and African-American community it served for over 70 years. At UCLA Medical Center and Saint John's Health Center, both putatively non-profit institutions, research and conversations with workers revealed many behaviors - refusal to provide adequate PPE, and attempts to reduce staffing levels, for example - which suggest these hospitals are responding to the same cost-cutting incentives as for-profit ones.

**Worker organizing is crucial for reducing harm.** These two examples also demonstrate that workers and communities are powerful when they organize, and can extract real, life-saving concessions from the bosses. Concessions can be won in the policy arena, too, as CNA's state-level victories regarding safe-staffing and PPE legislation - the latter won during the Covid-19 pandemic - attest.

**The federal response to the Covid-19 pandemic, particularly the Coronavirus Aid, Relief, and Economic Security (CARES) Act, has enabled corporate profiteering at a massive scale by injecting large amounts of money into private coffers with few restrictions.** This is particularly true for programs run by the Federal Reserve, mirroring those implemented in the wake of the 2008 financial crisis. Perhaps most notable is the Federal Reserve's decision to forgo first

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time, directly purchase up to \$750 billion of corporate debt through the Secondary Market Corporate Credit Facility (SMCCF). This program is managed by the world's largest asset manager, BlackRock, and imposes very few conditions on corporations that receive funds, and none at all regarding saving jobs or limiting payments to executives and shareholders.

**Harmful and extractive corporations have been rewarded through the Federal Reserve's unprecedented program of buying corporate debt.** Through the SMCCF, the Federal Reserve has bought bonds issued by: companies that laid off a total of more than one million workers since March 2020; 383 companies that paid dividends to their shareholders during the pandemic; 227 companies accused of illegal conduct since 2017; and a disproportionate amount of fossil fuel companies, which account for 11% of bond purchases but employ just 2% of workers in the S&P 1500. Ultimately, the scope and scale of federal support made available to banks, corporations, and their shareholders - who already possess vast resources and access to capital - dwarfs investments in and protections for workers, families, and communities.

## Public Funding for Community Power

**Education funding in California is inadequate.** California ranks 25th among states in per-pupil spending, and much of the lack of funds can be traced to the impact of Proposition 13, which severely reduced revenues raised by property taxes. As a result, the state and local governments have been forced to increase income and sales taxes. The pandemic has further exposed how dependence on these revenues can harm local school budgets. There is also a great need to increase federal funding for special education. The federal American Rescue Plan Act has given a one-time boost in funding for education, but structural problems remain.

**Regressive expenditures in public education include police in schools, standardized testing, educational technology, and**

### debt servicing fees.

- Police presence in schools disproportionately harms Black and Latinx students, a major factor in the school-to-prison pipeline. The evidence in support of school police is scant.
- Standardized testing requires time, energy, and an enormous bureaucracy to prepare, administer, and evaluate exams. These resources could be spent on more valuable learning experiences. Standardized testing has furthermore been linked to persistent segregation and discrimination in schools.
- Spending on educational technology was growing rapidly before the pandemic and was accelerated by the shift to online learning. Little evidence exists to justify these costs. The rapid expansion of educational technology, fueled by venture capital and Silicon Valley foundations, has also created an effectively unregulated market for student data.
- Huge sums have been spent on debt servicing fees, funneling money to private creditors rather than community resources. Debt servicing was expected to cost LAUSD nearly \$1 billion—7% of its budget—in 2020-2021.

### The share of funds spent on K-12 education as a percentage of California's total budget has fallen over the last ten years.

Meanwhile, spending on Corrections and Rehabilitation—jails, prisons, youth correction facilities, and other carceral institutions—has remained stable and is near level with higher education. If California is truly seeking to invest in low-income families and communities of color, as many elected officials suggest, it is lacking in meaningful allocation of resources and funds towards education.

**While the latest proposals from the Office of Governor Gavin Newsom to address the educational inequities between students across California are potentially innovative and reparative, they remain vague and lack sustainable funding**

**commitments.** The California For All Kids 5-year strategy intends to increase school investment within a model that seems to align with the United Teachers of Los Angeles (UTLA) demand for community schools. However, the details remain vague, and it has been mentioned that this is the result of a one-time boost in federal funding rather than a structural shift to increase funding towards schools.

**Los Angeles Unified School District (LAUSD) has historically been vastly underfunded, disproportionately impacting Black, brown, and low-income communities, a trend that is likely to continue unless the root causes of such austerity are addressed.** The student-teacher ratio at LAUSD is 22:1 - much higher than the 16:1 national average - and students lack resources such as counselors and nurses. Moreover, one analysis suggests that LAUSD must spend \$24,000 per pupil annually in order to raise student achievement, but funding levels over the past three years have hovered around just \$18,000 per student. While LAUSD's 2020-21 budget increased spending to \$21,000 per pupil, this increase is attributable to the one-time injection of federal funds and does not represent a sustainable or structural improvement.

### Community college funding should be a state-level priority.

The latest California budget uses the one-time boost in federal funds to increase investment in workforce development programs for community colleges, but the state should find ways to fund wrap-around services at community colleges. Community colleges serve more low-income students and students of color than the CSU and UC systems and provide a critical education to students who are not able to attend college immediately after high school. These schools need more funding to add services that will support student learning and increase graduation rates. Properly funding community colleges means investing in some of the most marginalized students in Los Angeles and Southern California.

### Los Angeles Community College District (LACCD) needs new

**funding mechanisms that can provide wrap-around services for students.** LACCD is a critical and underrecognized engine of social and economic mobility in the region. The district serves predominantly BIPOC students at all income levels. Current funding mechanisms penalize campuses with declining enrollment, limiting funding for students in need and burdening full and part-time faculty. Continuing use of these mechanisms will diminish the quality of education, range of essential services for students, and economic and social uplift LACCD provides.

**While advocating for public funding and social services is necessary, there must be a critical understanding of how publically-funded social services can be manipulated to reinforce carceral practices.** The surveillance of individuals without welfare and other public services and the sharing of their information exacerbates the criminalization of the poor and working class communities. In addition, the framework, policing manifests itself not only through police forces but also through the state agents in social services who share information and data with police. A prime example of this 'soft policing' is the Family and Children Index (FCI), which shares information on youth receiving various welfare services with the Los Angeles Police Department.

**The solidarity economy, rooted in an understanding that communities can meet their own needs through practices of communal interdependence, provides one model for moving beyond regressive spending and the exploitation that characterizes the Serv Economy.** Solidarity economies involve dynamic processes of economic organizing in which organizations, communities, and social movements work to identify democratic and liberatory needs of meeting their needs. Under these models, funds circulate back into the community through economic practices such as cooperatives, community financing, land trusts, and barter clubs. Not without limitations, the solidarity economy nonetheless disrupts our reliance on profiteers and private actors whose practices hinge on exploitation, unsustainable consumption, and

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environmental harm. Its examples demonstrate that another world is possible in Southern California.

**Cooperation Jackson in Jackson, Mississippi, is a leader in the conversation and vision to implement a solidarity and cooperative economy, providing an example of clear steps to take that could produce a worker centered movement for liberation.** Before the death of Mayor Chokwe Lumumba in 2014, the city government had plans to revamp the local economy that would create internal city infrastructure to support Black-led solidarity economies through the development of institutions like cooperatives. Cooperation Jackson has since developed plans for solidarity economies through support from the local community, rather than the local government, with a focus on three pillars: agriculture, participatory budgeting, and technology. The movement also places a large emphasis on community organizing and raising the consciousness and self-management skills of both workers and public servants.

**Reparative public goods are a vehicle to redress white supremacy, state violence, racial capitalism and repair the damages of decades of regressive spending and policies.** Doing so requires an intentional investment in funding, processes, and programs that center care, expand access to vital resources, and engage and build community and leadership. Supporting reparative public goods accomplishes a dual objective: dismantling the oppressive tools used by the state to disproportionately harm communities of color while creating programs to invest in and empower communities of color.

**The 2019 UTLA strike demonstrated the power of fighting for community demands to build labor-community power.** UTLA leadership built strong relationships with community groups, parents, teachers, and students. The union centered these voices and built leaders through the collective bargaining process. They engaged in a long struggle

with the district, spending several years before the strike planning their defense of public education with Reclaim Our Schools LA. The union's investment in hiring experienced organizers to develop a strong community organizing network was also critical to the strike's success.

**Students Deserve, a student-led movement that is elevating the needs of Black students throughout LA, has won major victories and is a valuable case study for furthering strategies to build community power.** The most recent and most notable victory by Students Deserve has been a \$25 million reduction in the LASPD budget, which has been reallocated to fund thriving futures for Black students. Students Deserve demonstrates that by having a common set of demands, using the current political climate, and harnessing the potential of digital organizing, public funds can be redistributed to directly serve students - and not police.

## Policy recommendations include:

1. Investment in solidarity economies as a long-term strategy.
2. Further fund CA Community Schools Partnership Program.
3. Fund public services and welfare without soft policing & surveillance.
4. Direct stimulus and other dollars towards public funds, resources, and programs that redress critical harm.
5. Apply a racial equity lens to all budget decisions.
6. Integrate community concerns into organizing and bargaining campaigns.

## Eco-Transformative Economies for Solidarity

There is a growing need for strategies that link sustainable goals to worker protections for a just transition post-Covid-19. Workers recognize this to be a pivotal moment in which their mobilization can be used to secure positive outcomes for their health and livelihoods in this politically driven future popularly understood as the "Green New Economy". However, workers refuse the imaginings of a "Green Economy" that produces positive outcomes for transnational corporations while negating benefits for the local workers they employ. Green practices must promote healthy, inclusive workplaces in which workers are paid fairly, are protected, and have an improved standard of living.

**With the growing prevalence of sustainable technologies and industry-wide decarbonization, workers face an increasing burden in adapting to private sector changes.** The Port of LA and Long Beach's Clean Truck Program in 2008 institutionalized a phased ban of older trucks, but drivers were expected to bear the costs. Across labor policies in different sectors there is a need to consider the role of workers in implementing policies that are aimed at material changes in the industry. A lack of consideration for the worker's specific context in the industry will only serve either as a tool for green-washing by private companies or as a means of minimizing costs and further suppressing workers.

**A Eco-Transformative Economies for Solidarity framework centers the necessity of a racially just and equitable path towards carbon neutrality with workers across sectors at the forefront of this process.** ETES draws from the definition of an ecosystem as a biological community of interacting organisms and their physical environment, emphasizing not just the materials involved but the types of relationships developed among actors. Eco-Transformative futures reject green-washing practices that leave large segments of the population

behind, seeking instead a transformative new path forward for the network of communities, workers, and public and private actors that make up a shared ecosystem.

**By investigating Eco-Transformative Economies for Solidarity through the lens of the International Brotherhood of Electrical Workers Local 11 (IBEW Local 11) and the Garment Worker Center (GWC), the impacts of recent sustainability policies can be clarified.** Electrical workers, who have been closely aligned and involved with environmental policies and politics, have established pathways for a just transition. On the other hand, garment workers are largely left out of the sustainability narrative. The conventional narratives around just transition have negated improving social standards within the industry and have instead concentrated on the environmental impact of production and materials sourcing.

**International Brotherhood of Electrical Workers (IBEW) have played an important role in the transition to renewable energy, and will continue to do so.** IBEW members were California's first unionized electrical workers to build solar projects in the 1980s, and Local 11 electrical workers were instrumental in the City of Los Angeles rising to prominence as having the most installed solar power of any city in the U.S. Commercial construction projects are increasingly utilizing energy conservation and energy efficient electrical systems, representing major eco-transformative employment opportunities for IBEW workers. Construction of electric vehicle (EV) charging stations are another major opportunity. California's charging infrastructure is growing rapidly.

**Electrical work is an important source of high-paying jobs for skilled workers, but the workforce remains heavily white and male.** On average, electricians earn 32 percent more than the mean national hourly wage in 2020. In Los Angeles, union workers earn approximately 56 percent more than the region's mean hourly wage.

# Executive Summary (cont'd)

Nationally, women comprise less than 5% of this workforce, which is also roughly 85% white.

**IBEW workers were designated as “essential workers” during the Covid-19 pandemic, and consequently their organizing efforts have resulted in more protections and better working conditions.** IBEW Local 11 organized to win safety precautions like daily temperature checks, increased personal protective equipment face coverings, and social distancing measures. It has also been able to provide supplemental benefits for workers who preferred or needed to stay home during the height of the pandemic. Construction sites remained active as work continued on solar and EV charging station installation projects.

**IBEW Local 11 enjoys high political capital and has a history of active involvement in sustainable and energy policies at various levels of decision making.** Through strong relationships with government offices and private employers, IBEW Local 11 has showcased how employers can guarantee competitive wages, good benefits and steady income for union members. For instance, IBEW Local 11 leverages multi-million-dollar work through Project Labor Agreements (PLA) contracts. IBEW has also benefited from federal, state, and local subsidies for renewable energy in recent years, such as solar panel incentives, and is well positioned to benefit from both federal and local greening and infrastructure programs.

**The Los Angeles 100% Renewable Energy Study (LA100) represents one strategic opportunity for IBEW to create more jobs and a just transition for electrical workers in Los Angeles.** It is estimated that a transition to 100% renewable energy for L.A. would create up to 8,600 jobs annually, with a bulk of these coming from the installation of rooftop solar energy, primarily in the residential sector. This is further demonstrated by geographical analyses of solar energy power in Los Angeles.

## **The proposed American Jobs Plan from the Biden administration represents another strategic opportunity for IBEW.**

The emphasis on pushing the country towards sustainability at the federal scale is a wide avenue to expand workforce opportunities for the electrical industry. To meet the President's goals of achieving net-zero emissions by 2050, the U.S. will need more electric vehicles, charging ports, and electric heat pumps for residential heating and commercial buildings. Through the emphasis of good paying (and union-focused) jobs, the bill has the strength to keep the momentum towards union expansion and opportunities at home.

**Regional warehouse emissions regulations such as the Warehouse Indirect Source Rule (ISR) and the Warehouse Actions Investments to Reduce Emissions program (WAIRE) are the third strategic opportunity for IBEW and its workers.** Created by the South Coast Air Quality Management District, these programs require large warehouses to take mitigative actions towards reducing greenhouse gas emissions, such as installing charging infrastructure, on-site solar panels, and manufacturing EVs. They include project labor standards and local hire provisions, reflecting a commitment to equity as the communities around warehouses are largely Black and Latinx. The indirect source rule generates a demand for decarbonization projects while providing an opportunity to expand the membership base in local communities of color.

**The final strategic opportunity identified for IBEW is the High Roads Training Partnership (H RTP), a California Workforce Development initiative to advance income equality, sustainability, and job quality through skill-based training programs in various sectors.** The H RTP aims to create economically resilient communities by focusing on equity and job quality. The California Comeback Plan proposes establishing a 'Community Economic Resilience fund' of \$750 million for a High Road Transition. The fund will invest in

regional collaboration to address local concerns for a just transition. \$30 million will support the organizing work by regional workforce development agencies to establish stakeholder roundtables, while the bulk of the funds will be for implementation grants that will fund strategies proposed by regional stakeholder collaboratives. The program provides an opportunity to shape local workforce development investment in support of displaced workers and ensure a just transition.

**In contrast to electrical workers, garment workers are underrepresented (if represented at all) in leading discourses related to the green future.** This exclusion is concerning for groups like the Garment Worker Center (GWC), a worker rights organization based in Downtown Los Angeles that aims to eliminate sweatshop labor in the fashion industry and improve working conditions for all garment workers. Most environmental and socially ethical developments in the industry are driven by the market, not policy, as brands respond to customers who may have certain preferences for sustainable manufacturing. However, improving working and living conditions for garment workers has not yet been integrated into this discussion. Using the framework of Eco-Transformative Economies for Solidarity, sustainability initiatives for the garment industry can be reframed to consider how environmental investment can also serve as worker investment.

**Garment work in Los Angeles, primarily located in the downtown area, is characterized by intense exploitation of its workforce, primarily composed of immigrant women of Latina and Asian descent.** Out of the 45,000 garment workers present in Los Angeles today, roughly half are thought to be undocumented, leaving them very vulnerable to employer exploitation and retaliation. Workers are forced to work in sweatshop conditions - cases of slavery have even been uncovered - under a "piece-rate" system that enables employers to pay workers less than \$5 an hour. Workers are furthermore subjected to rampant wage theft, with studies showing that up to 90% of garment workers

reporting they do not receive overtime pay when working more than 40 hours per week. Despite the unjust conditions under which garment workers are expected to successfully perform, Los Angeles workers have mobilized to produce several media-grabbing and politically significant campaigns several times since the 1990s at both local and state levels. These efforts have historically been centralized around abolishing the piece-rate system for wages and standardizing fair pay.

**During the Covid-19 pandemic, policy makers and elected officials have turned a blind eye as garment workers have been forced into unsafe working conditions.** Initially, the economic disruption of Covid-19 caused roughly half of the region's garment workers to be laid off, though the exact number laid off cannot be accurately estimated due to the informal nature of employment. Moreover, many employers failed to provide safe and distanced workstations, and as workers were confined to side-by-side cut and sewing stations often to twelve hours in what are often windowless factories, exposure to and transmission of Covid-19 among garment workers was rampant. Thousands of these workers contracted the virus in Los Angeles alone. Dozens of them died. Despite being labeled as "essential," garment workers were not considered for early vaccination, and Los Angeles County and California health departments were unable to provide vaccines because the industry had not been clearly categorized under "critical manufacturing" by deciding agencies.

**While there are many labor regulations meant to protect garment workers, there is very little enforcement by the state, and the informal nature of much of the work additionally leads to a lack of support for garment workers by local agencies.** Government officials prioritize workforce development commitments and actions that produce regional benefits that can be calculated and communicated. Garment workers are left behind due to the lack of data on the industry. Officials have also expressed apprehension about providing

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support to employers that fail to provide their workers with basic rights like minimum wage. Los Angeles is fairly criticized as having done little to support the garment workers, and many federal funds cannot be used because so many of the workers are undocumented. Therefore, shaping policy at the state level is the most likely path for increased state support and regulation, with SB 62, The Garment Worker Protection Act, a law that would end the piece-rate system, currently being a major priority for the Garment Workers Center.

**Growing demand for local, sustainable, and ethical products within the market represents one strategic opportunity for GWC to create a certification that empowers Los Angeles industry stakeholders to champion improved labor conditions and sustainable production processes.** The essentialization of the apparel industry, the growing presence of smaller, influencer-based fashion brands, and demand from a growing and young fashion and sustainability-minded consumer class create a key opening to link high quality products, Eco-Transformative workforce conditions, and sustainable apparel. The growing emphasis on digital platforms and distribution channels creates an added layer of transparency and accountability for unethical brands to be scrutinized and ethical brands to be uplifted, while there is a growing need for a standard of certification that is centralized and backed by a recognizable and local agency or organization. However, big, unethical brands may continue to dominate the industry, and the market is saturated with various standards that make it difficult to keep brands accountable across the production line and life cycle of a product. It is recommended that GWC work with city and county agencies to create a "Made in LA" certification process that links ethical and sustainable manufacturing practices with livable wages and sustainable production processes.

**The second strategic opportunity identified for GWC and garment workers is expanding state and local environmental policies and programs.** The development of state and local level

environmental policies can be used to spur industry innovation and expansion. AB 341, the California's Mandatory Recycling Law, has led to the creation of the LASAN Material Bank, a regional textile bank designed to promote connections between firms producing excess textiles and those looking for sustainable materials and thereby reduce textile waste. Opportunities like AB 341 and the resulting Material Bank present political openings that can be leveraged by garment workers to align their roles to union partners and community organizations, and thereby generate broader support, funding, and other resources from local and state public agencies.

**The third and final strategic opportunity identified for GWC is the establishment of community-based solutions that respond to shifting local land use policies.** In 2020, the City of Los Angeles announced the DTLA 2040 plan, a specific plan for Downtown Los Angeles that reimagines the industrial landscape across the area for more housing, improved pedestrian access, and dense, mixed-use development. While ordinances like these present many challenges, most notably, the displacement of worker housing and manufacturing workplaces, they also create opportunity for garment workers and other garment manufacturing stakeholders to mobilize, create community, and lead a vision of Los Angeles that does not neglect or negate their contributions. Through the use of planning tactics such as coalition networks, community benefit programs, and business associations, GWC can center garment workers in the discourse of the just transition in Los Angeles.

## Introduction

The 2021 UCLA Community Collaborative is an applied research project through the UCLA Luskin School of Public Affairs that took place between January 2021 and June 2021. As students, we worked over the course of the six month research project with unions and labor partners to answer a wide range of questions addressing the economic effects of the pandemic on workers and their communities. Through knowledge building with labor union partners and community organizations, we developed research dedicated to identifying the problems of the current political moment and how the post-pandemic era can move towards an equitable future. Our research aims to answer the following questions:

- How has Covid-19 affected Southern California industries, the workers, and their unions?
- In light of the impacts, what is currently being done (and by whom) to address the needs of the workers and communities?
- What plans can be developed - and implemented - to ensure that the "post-Covid-19" era will not merely return to the past, but lead to a high-road, eco-transformative, just transition economy grounded in job creation and better working conditions?

The pandemic laid plain the extreme economic stratification in the United States. At the height of the pandemic, the unemployment rate in Los Angeles County was 18.8 percent, compared 4.1 percent the year before.<sup>10</sup> Ultimately, the wealthiest thrive at the expense of the working class.

The pandemic exacerbated preexisting crises, but it also ignited radical forms of interdependence: communal support, mutual aid, and a prioritization of public investment, all of which illustrate shifts to build community power. Through the extension of public services, economic stimulus, the mass defunding of carceral institutions, and initiatives for a carbon-neutral future, new possibilities emerge around disrupting mass wealth accumulation by billionaires, divesting from carcerality and extraction, and improving labor conditions for workers on workers' terms.

Sections of the project attempt to address current material conditions, plan for redistributing resources, and provide strategies to address social injustices. In Part I, we analyze the serif economy and corporate profiteering exacerbated during the pandemic. In Part II, we critically analyze the allocation of public funds and look to existing models of regenerative economies for just transition. Finally, in Part III, we identify pathways for a worker-centered, carbon neutral future that link healthy environments with healthy workplaces.

The framework of just transition guided our overall approach to this project. We draw from the definition of just transition presented by the Climate Justice Alliance—that we must build power to shift from an economy based on extraction to one based on regeneration and repair.<sup>11</sup> A just transition seeks to implement regenerative practices where we are, while simultaneously building towards a goal of living in a world that is ecologically sustainable, rooted in interdependence, and grounded in communal self-determination. Additional conceptual frameworks in the paper can be found in the Glossary (Appendix A).

We also propose the following frameworks, informed by our research, to diagnose some of the key drivers of the societal challenges we face today and guide the vision, principles, and action steps we advocate for.

### Serf Economy

The pandemic created a massive global shock that powerful financial actors took as an opportunity. We sought to investigate how this event has both entrenched and illuminated the increasingly dystopian relationship between corporate giants and their workers, a power imbalance we have come to characterize as neo-feudal. We use the term "Serf Economy" to describe **conditions of extreme inequality, generalized precarity, and monopoly power that define this moment.** We intentionally

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name it Serf Economy to center the voice and experience of those who simultaneously suffer and lead liberation from this system.

We assert that this Serf Economy works through three primary and mutually reinforcing political-economic instruments: monopoly, coercion, and rent. Unifying and strengthening these tools is the overarching framework of self-regulation, wherein the powerful create their own "differentiated legal [and financial] architecture that protects corporations, owners, and landlords."<sup>12</sup> Many regulatory agencies and judicial systems have been subverted to allow the powerful to govern themselves at significant cost to the public.

Today's globalized, capitalist political-economic system is best understood through its feudalizing tendencies. Feudalism is largely defined by a fundamental inequality that enables the direct and indirect exploitation of "peasants" by "lords." Exploitation in today's Serf Economy goes far beyond the site of labor - environmental degradation, adverse health outcomes, surveillance, policing, and debt, among others - and often produce unassailable barriers to mobility. Accumulation occurs as much through rent, debt, and force as commodity production and wage labor. Many modern-day lords can be found in C-Suites, located from Wall Street and Silicon Valley to the Federal Reserve's Board of Governors and Congress. Most are insulated from public accountability, transparency, and even public law.

## Reparative Public Goods

Reparative public goods deliberately build towards a future world "without prisons and policing," but instead with "housing, healthcare, and education," creating new possibilities for BIPOC people to thrive.<sup>13</sup> This requires an intentional investment in funding, processes, and programs that center care, expand access to vital resources, engage the community and build leadership. The Hawaii State Commission on the Status of Women's Feminist Economic Recovery Plan for Covid-19 points to an example of

investing federal stimulus funds in social service and care-based programs while also seeking to raise the minimum wage to "redress critical economic inequalities" of women.<sup>14</sup> Reparative public goods are a vehicle to redress white supremacy and state violence and repair the damages of racial capitalism.<sup>15</sup>

Supporting reparative public goods accomplishes a dual objective: dismantling state-sponsored tools that disproportionately harm communities of color while creating and reshaping programs to reinvest in and empower communities of color. We propose five reparative public good approaches that address municipal funding, public health, education, power building, and wealth building. Each of these approaches addresses critical needs, but building bonds between all these approaches would create the feedback effect necessary to ensure long-term sustainability.

## Solidarity Economy

The solidarity economy is an economic model created in 1970s Latin America as a means to reject waves of neoliberal and U.S. interventionist policy in the region. It is rooted in an understanding that communities can meet their own needs through practices of communal interdependence.<sup>16</sup> Unlike many alternative economic projects that have come before, solidarity economics does not seek to build a singular model of how the economy should be structured, but rather pursues a dynamic process of economic organizing in which organizations, communities, and social movements work to identify democratic and liberatory means of meeting their needs. It circulates funds back into the community through economic practices such as co-operatives, community financing, land trusts, and barter clubs. Solidarity economy requires radical reshifting in how we understand housing, financing, production, trade, and creation. It is a form of resistance against the neoliberal private actors who shape the economy for the benefit of the few. Practices of solidarity economics have existed for centuries and have been used as a means of Black and Indigenous resistance against extractive

and capitalistic economic structures.<sup>17</sup>

In understanding regenerative ways to approach public funding, the solidarity economy is useful to advocate for community-centered funding models. The solidarity economy can be a useful tool in advocating for regenerative economic practices that keep capital circulating within the community, rather than being extracted by private profiteers. Through the solidarity economy model, we are able to imagine recommendations for public funding that are redistributive and forego our reliance on unethical neoliberal practices.

Worker movements and unions are a major part of solidarity economics. The solidarity economy disrupts our reliance on major corporations with the long term goal of making corporate profiteering obsolete. Much like the waves of mutual aid that became mainstream during the pandemic, the solidarity economy illustrates that it is possible to create structures of mutual support and community-centered financing that benefit the community rather than extract from it. The solidarity economy disrupts our reliance on profiteers and private actors whose practices hinge on low-wage exploitation, instant gratification, and environmental harm. Rather than investing in private profiteers that keep communities in cycles of the serf economy, the solidarity economy is an alternative that asks communities to create their own structure of ethical purchasing, collective ownership, and worker cooperatives. It requires divesting from existing structures that push working class and union workers into unfair labor practices and extraction. Instead, it puts the means of production, financing, and consumption back in the agency of community members.

## Eco-Transformative

Terms like "green jobs", "green economies", and "green new deal" are deeply contested terms with large implications for the future of labor in California and Los Angeles. In the development of plans and policies

around sustainability which focus on the decarbonization of the economy, such 'green' terms are often used interchangeably and without a shared understanding of who is directly affected. Public funding plans like the City of Los Angeles's 2018 "Sustainability pLAn," also known as the "LA Green New Deal", lay out strategies and objectives for energy reliance and a green workforce, including increasing private sector green investment in Los Angeles by \$2 billion in 2035 and over 40,000 green jobs created by 2050.<sup>18</sup> The LA Green New Deal relies on the Bureau of Labor Statistics definition of green jobs as either:

- A. Jobs in Business that produce goods or provide services that benefit the environment or conserve natural resources [and/or]
- B. Jobs in which workers' duties involve making their establishment's production processes more environmentally friendly or use fewer natural resources.<sup>19</sup>

Green jobs or green economies create an impression of corporate industries when the reality is that green jobs are often preexisting jobs in long-standing and diverse sectors. For example, electrical workers have worked in traditional with the growth of renewable energy sources and can work in both oil refineries and solar power plants. Likewise, a garment worker may work with materials considered 'sustainable' on the assembly line just as likely as they are to work on a regular apparel line. We wish to clarify the confusion that can result from such broad considerations.

We have instead used the term **Eco-Transformative Economies for Solidarity** to center our language explicitly on the necessity of a racially just and equitable path towards carbon neutrality with workers across sectors at the forefront of this process. Any proposal that ignores the interconnectivity of these issues will create a path towards "green" futures that only focuses on the production of particular materials and potentially ignores workers' needs.

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Eco-Transformative Economies for Solidarity draws from the definition of an ecosystem as a biological community of interacting organisms and their physical environment, emphasizing not just the materials involved but the types of relationships developed among actors. In utilizing the term Eco-Transformative, we imagine not just a change to the type of materials being consumed and produced (the material and services being "greened") but instead re-envision the fundamental relationships between labor and consumption to metamorphize, wherein current economic systems change to address the harmful market practices and externalities that are at the root of interconnected social and environmental struggles. Eco-Transformative futures reject the return to a new normal and seek instead a transformative, new path forward for the network of communities, workers, and public and private actors that make up a shared ecosystem.

If there is hope to end the struggle of working class people, we must build its foundations on the ground. We, as graduate students, see ourselves as members of "a gated community" - the expense and technocratic prestige of a master's degree can put distance between the street-level experiences of the working class and the nonprofit, corporate, governmental or academic spheres we students are likely to enter. It is necessary to ground-truth the following report and reiterate that while our studies can help us contextualize concepts in a way that satisfies the white-collar world, the real expertise flows from workers and communities that live the struggle. Through thought partnership and knowledge building between students, labor representatives, and labor organizations, we move towards identifying problems of public permission for private exploitation. While identifying these issues, we remain rooted in our vision for a just economy that is grounded in racial justice and sustainability.

# Pandemic Profiteering & the Entrenchment of the Serf Economy

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## Introduction

The Covid-19 pandemic and resulting stay-at-home orders caused widespread and enduring disruptions to the U.S. economy. While there has been consistent research and reporting on the increasing socio-economic stratification of U.S. society for some decades, the pandemic exposed the reality of paycheck-to-paycheck survival of people whose labor we rely on for our basic needs. The various iterations of pandemic relief and assistance investigated here expose whose labor is truly essential and whose interests are truly protected.

The economic restructuring caused or intensified by this crisis is equally dramatic. We sought to investigate how this event has both entrenched and illuminated the increasingly dystopian relationship between corporate giants and their workers, a power imbalance we have come to characterize as neo-feudal, or the "Serf Economy." We use serf economy to describe conditions of **extreme inequality, generalized precarity, and monopoly power** that define this moment.

We intentionally name it Serf Economy to center the voice and experience of those who simultaneously suffer and lead liberation from this system.

Today's globalized, capitalist political-economic system is best understood through its tendency to feudalize. Feudalism is largely defined by a

fundamental inequality that enables the direct and indirect exploitation of "peasants" by "lords." Exploitation in today's Serf Economy goes far beyond the site of labor: it includes environmental degradation, adverse health outcomes, surveillance, policing, and debt, and often produce unassailable barriers to mobility. Accumulation occurs as much through rent, debt, and force as commodity production and wage labor. Modern-day lords can be found in C-Suites from Wall Street to Silicon Valley to the Federal Reserve's Board of Governors and Congress. Most are insulated from public accountability, transparency, and even public law.

We assert that this Serf Economy works through three primary and mutually reinforcing political-economic instruments: monopoly, coercion, and rent. Unifying and strengthening these tools is the overarching framework of self-regulation, wherein the powerful create their own "differentiated legal [and financial] architecture that protects corporations, owners, and landlords."<sup>1</sup> Many regulatory agencies and judicial systems have been subverted to allow the powerful to govern themselves at significant cost to the public.

### Monopoly

Neoliberal policies since the 1970s such as financial deregulation, regressive taxation, and unchecked mergers and acquisitions across

We intentionally name it Serf Economy to center the voice and experience of those who simultaneously suffer and lead liberation from this system

myriad industries, have contributed to significant concentration across the private sector. The mega-corporations borne of these policies benefit from monopolistic privileges such as market allocation, bid rigging, and price fixing. There are many modern examples:

- Amazon is notorious for absorbing competitors and companies in its value chain to amass growth and then undercut prices to remain competitive. It is able to do this through its seemingly unending capital accumulation, allowing it to obsess over/ double down on innovation, ways to provide consumer convenience, and collect massive amounts of consumer data.
- The Federal Reserve ran its quantitative easing program, worth trillions of dollars, primarily through the big four banks, JPMorgan Chase, Bank of America, Wells Fargo, and CitiBank. Collectively, they retained \$2.7 trillion of federal economic relief money after the 2008 financial crisis as excessive reserves.
- Another product of monopoly is that it creates a monopsony as a buyer of labor; in other words, there are fewer employers, which depresses wages and obfuscates workers' bargaining power.

## Coercion

Monopolies and oligopolies are inherently coercive. Complex and derivative ownership structures create distance between employees and decision-makers such that even organized labor negotiations rarely bargain with company representatives that have legitimate power. Social

media is no longer an emergent phenomenon, yet "tech giants invent their own jurisprudence and hide them in dizzying terms of service."<sup>2</sup>

**Amazon - a single buyer - has exclusive contracts with 2.5 million third-party sellers. Sellers must pay a subscription fee, referral charges, and fees for fulfillment and delivery.<sup>3</sup> Amazon also owns Audible, which has a dominant share of the audiobook market; their exclusivity contracts keep many books out of public libraries and therefore make them inaccessible to people with reading disabilities.<sup>4</sup>**

- Digital Surveillance of Employees & Consumers by select tech-giants, often without consent, for study, control, and sale.
- Business' use of contract law to require arbitration as a condition of employment - stripping labor of crucial counter-management tools.
- Many major hotel chains are owned by private equity firms, but conduct business through an operating company. Labor negotiations with operating company yield little, a lot of back and forth.
- Under-funded public education broadly, and workforce retraining programs, amid automation and other substantive changes to the nature of production inhibit economic mobility.

## Rent

Economic rent theory recognizes that markets are constructed through political, institutional, and ideological forces.<sup>5</sup> Economies, therefore, are subject to power relations that produce an unequal competitive playing field. An economic rent is income made above what a fair reward for a firm's productivity would be in a perfectly competitive environment. Some iterations of modern rents, listed below, are especially exploitative.

- Capital isn't reinvested in production, it's redistributed as rents (stock buybacks, dividends)
- Outsourced/contract workers liable for their own equipment, maintenance, long-term medical costs from injurious productivity standards
- Global financial institutions (and tech?) use debt to redistribute wealth from poorest to richest
- Privatized benefits like economic development incentives such as Tax Increment Financing (TIFs)
- Profits from personal data harvesting are not shared with the individuals the data are extracted from.

## Self-Regulation

Individually, each of the above creates exploitable conditions that overwhelm the underclass. However, developing a 'separated and curated' system of law is what makes

neofeudalism. Accountability only matters if those acting as a watchdog do not personally define the terms of what is acceptable or not. The tremendous power that stems from the ultra-wealthy class can create conditions in which public institutions abdicate their duties. Self-regulation is what allows the turning of a simple advantage - like the advantage Facebook had over MySpace, or what early Amazon had over Borders bookstore - into something truly sinister. It is a means of power brokering that effectively creates two social and legal economies: one for human beings, and another for the most predatory feudal entities.

- "Too Big to Fail" doctrine allowed financial profiteers to gamble our economy away, lose that gamble, and then be made fully whole on the public dime while millions lost their homes.
- Private law - the primacy of contracts - has overtaken public law such that courts elevate private contracts over the enforcement of labor laws. This ranges from forced arbitration between employers and employees all the way up to international trade deals like NAFTA overriding sovereign nations' labor or environmental laws.
- California's voter-led initiative process allows the wealthiest entities to buy state laws, misleading voters through brute-force advertising and resulting in the transparently anti-labor disaster of Prop 22.<sup>6</sup>

## The Profiteers: Amazon & Private Equity

The pandemic profiteering described in the

following sections shows the tools of the Serf Economy in action, and the ways in which their outcomes are self-reinforcing. Major corporations disproportionately profited from the Covid-19 crisis, largely enabled by real-time congressional choices. Moreover, nearly every investigation of enrichment during the Covid-19 crisis came at the expense of, or without any apparent benefit to, the workers that fundamentally drive these companies.

We mobilize the concept of "essential workers," and show how workers' issues are community-wide issues. Although workers are often made to feel isolated in their challenges, and companies are legally empowered to discourage organizing, the impacts of neo-feudalism are experienced at the community level and community-based solutions can be enacted to improve the lives of working communities.<sup>7</sup> Thus, a fundamental thread in our analysis is the ground-truthing that employees can provide about their colleagues, workplace, and community.

We start with a case study of Amazon, arguably the headlining private company during the pandemic, examining its growing monopolistic power with rapid expansion and acquisitions into an integrated multi-industry empire. Our focus is on goods movement, warehousing, and grocery retail, and within Los Angeles County and the Inland Empire. We research industry conditions and challenges for Amazon's employees, take a closer look at the community impacts of corporate overreach, and offer a path forward for labor equity.

Next, we introduce readers to private equity, a special iteration of profiteering in which acquisitions of companies frequently result in big profits for investors at the expense of workers and communities. California's largest pension funds collectively invest about \$80.5 billion in private equity, and pay these firms management fees in the amount of \$1.5 billion per year. These numbers have never before been compiled and offer an opportunity for major investments that would damage the viability of such a harmful and extractive industry.

We then examine private equity's impact on the healthcare industry, which has been particularly harmful, a fact dramatically exposed during the Covid-19 pandemic. But private equity firms are not the only bad actors; working with the California Nurses Association (CNA) has led us to investigate the behavior of both for-profit and nonprofit hospitals in Los Angeles. We find that despite dangerous cost-cutting practices during the pandemic, workers and communities are powerful when they organize, and can extract real, life-saving concessions from both the bosses and the state.

We conclude with the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The second major federal intervention in our economy in thirteen years, the CARES Act is rife with issues that allow (or even prioritize) the largest private firms to get public assistance. Contextualized with the 2008 financial crisis, we show how the scope and scale of federal support made available to banks, corporations, and their shareholders continues to dwarf investments and protections for

workers, families, and communities.

## Methodology

Research on Amazon comes from academic journals, reports, news articles, and 18 interviews with stakeholders. Interviewees include workers, decisionmakers, academic lecturers, and staff from advocacy non-profits and unions. The authors also used machine learning to conduct sentiment and topic modeling analyses on posts in Amazon-related subreddits. These subreddits were created for and by Amazon workers in the grocery retail, warehousing, and transportation sectors. More details on interviews and machine learning analysis are covered in Appendix A and B.

Research on private equity investments by California pension funds was compiled from online pension disclosures and by reaching out directly to the fund managers. To further research private equity and healthcare systems, we surveyed both academic reports and news articles written during the pandemic. Our research on hospitals in Los Angeles greatly benefitted from two interviews with nurses from the California Nurses Association (CNA) and one interview with a CNA organizer. Finally, our research on the federal response to the pandemic was done primarily through academic, government, and news reports.

# Amazon: Fueling the Serf Economy

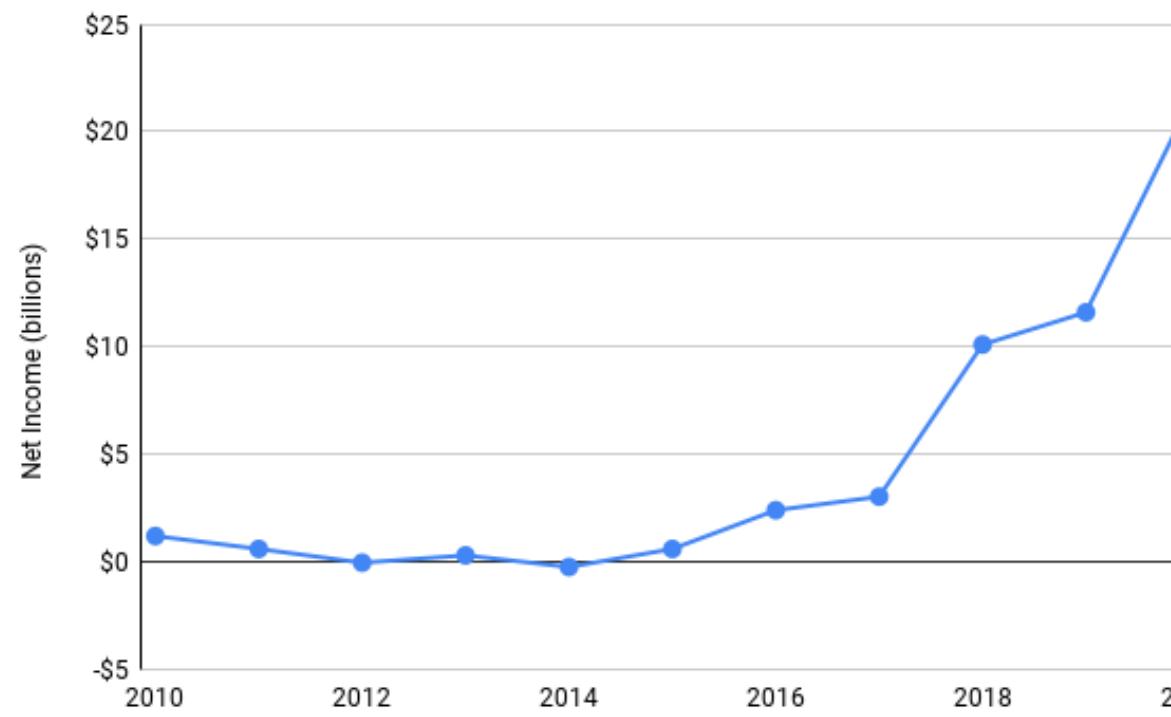
## Rapid Growth Through E-Commerce and the Pandemic

As a company with more than 103 subsidiaries and over 896 branches worldwide, it is hard to imagine a consumer in the United States who has not been exposed to Amazon.<sup>8</sup> Since its founding in 1994 by Jeff Bezos, Amazon Inc. has grown into a corporate behemoth that is considered by many to be the undisputed leader in the United States' e-commerce industry.<sup>9</sup> By 2009, the company had developed a reputation for focusing on bold ideas, long-term strategies, streamlining production processes, eliminating costs, constant innovation, and "obsession over the customer."<sup>10</sup>

These strategies have proved fruitful: although net income fluctuated and remained in the low billions for the majority of the last decade, Figure 1 below shows that net income soared to \$10.1 billion in 2018 from \$3 billion the year before. This represents a 367% year-over-year (YOY) increase. Figure 2, which additionally shows total revenue and sales over the same period of time, further illustrates its exponential growth.<sup>11</sup> Much of its growth correlates with its increasing investment on research and development to continuously innovate. Artificial intelligence technology particularly drives its popularity and high online

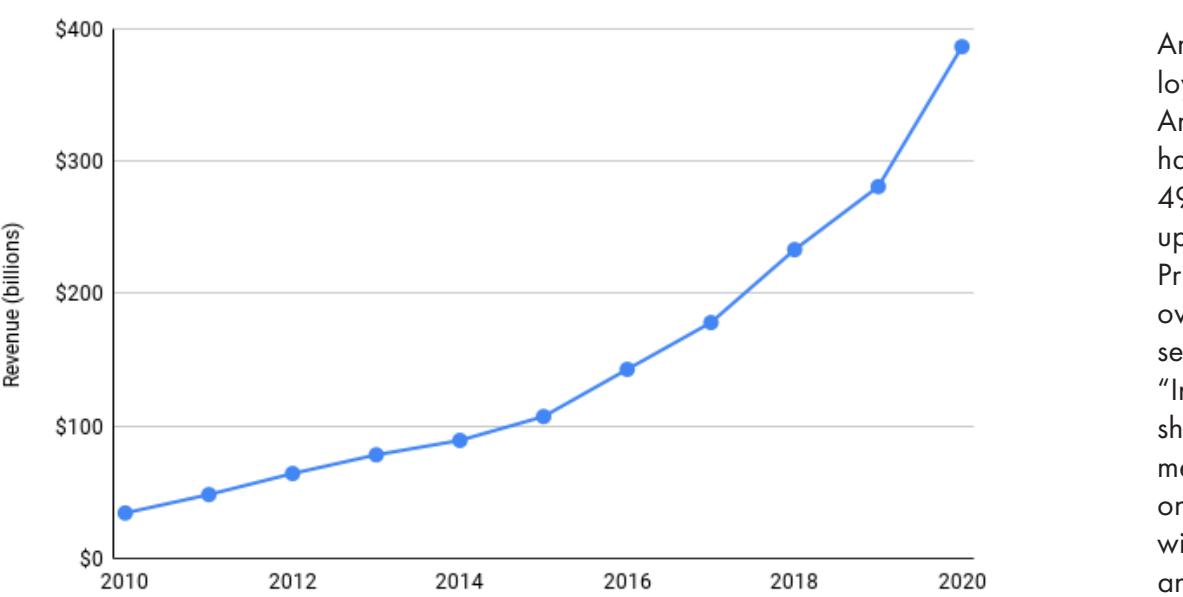
engagement level. In fact, it spent \$35.9 billion on R&D in 2019, a 125% increase from the previous year, and is now the biggest spender on R&D in the entire industry.<sup>12</sup> Amazon is currently also one of the few companies in the US with a market cap over \$1.5 trillion at \$1.7 trillion in April 2021.<sup>13</sup> Amazon has also perfected the art of customer loyalty or, rather, customer addiction. Today, Amazon Prime is available in 99 countries and has 148.6 million Prime Members in the US—

**Figure 1. Amazon's Net Income Increased 367%, 2010-2020**



Source: "Amazon Net Income 2006-2021 | AMZN." Accessed June 14, 2021. <https://www.macrotrends.net/stocks-charts/AMZN/amazon/net-income>.

**Figure 2. Amazon's total revenue and sales, 2010-2020**



Source: Source: "Amazon Revenue 2006-2021 | AMZN." Accessed June 2, 2021. <https://www.macrotrends.net/stocks/charts/AMZN/amazon/revenue>.

49% increase from 2017.<sup>14</sup> In 2019, they made up 65% of overall customers.<sup>15</sup> Although Amazon Prime revenue cannot be entirely isolated from its overall revenue, its net sales from all subscription services totaled a record \$25.21 billion in 2020.<sup>16</sup> "In addition to paying subscriptions for free shipping and other perks, households with Prime memberships typically spend \$3,000 a year on Amazon, more than twice what households without it spend." Much of Amazon's success and growth therefore hinges on creating and growing a highly-dependent and loyal consumer base. Its mass mining of consumer data to understand and predict consumers' unique preferences and shopping habits better than the consumer can is key. Other growth methods discussed later in this report make this much more achievable.

The past year in particular has shown no deviation from this pattern despite the Covid-19 pandemic's looming effects. Since the beginning of the pandemic in March 2020, the United States' economy has gone into complete shock as tens of thousands of Americans lost their jobs, housing, and loved ones. Brick-and-mortar businesses were particularly affected, leaving many to shut their doors permanently. However, amidst this economic chaos, Amazon experienced unprecedented growth as consumers largely turned to online shopping due to stay-at-home orders, public health risks, and mandates for social distancing. In 2020 alone, it yielded a net profit of \$21.3 billion (see Figure 2 above), doubling its total from last year. Net income additionally amounted to \$8.1 billion in the first quarter of 2021, a value three times as much as

the value for Q1 2020.

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Amazon has also enjoyed a healthy presence in California (CA), where there are more fulfillment, sortation, and delivery stations than any other state.<sup>19</sup> Its website lists the following:<sup>20</sup>

- 25 Fulfillment and sortation centers
- 19 Delivery stations
- 3 Tech hubs
- 6 Air Gateways
- 90 Whole Foods Market locations
- 4 Amazon Go stores
- 13 Amazon Hub Locker+ locations
- 3 Amazon 4-Star stores
- 6 Amazon Books stores
- 12 Prime Now hubs
- 17 On-site solar locations

However, it is important to note that the company grows so rapidly that these numbers are quickly out-of-date.<sup>21</sup> More details regarding physical expansion will be discussed in the next section.

In 2019, Amazon directly and indirectly supported 2 million jobs in the United States.<sup>22</sup> While many employers were forced to cut jobs, Amazon also went on an "unprecedented hiring spree", creating 500,000 new jobs in 2020.<sup>23</sup> This is especially the case in California, which has more Amazon employees than any other state.<sup>24</sup> As of

December 2020, Amazon touted its creation of more than 153,000 full-time and part-time jobs, doubling its statewide workforce in about two months from November that year.<sup>25</sup> However, real employment totals are difficult to ascertain due to high annual employee turnover rate.<sup>26</sup> Global employment trends can be found in Appendix C.

### Amazon's Presence as of December 2020<sup>27</sup>

**In CA:**  
153k+ full- and part-time jobs created

**Nationwide:**  
950k full- and part-time jobs created  
590,000 direct and 2 million indirect  
employees in total

Along with company profits, Amazon's largest shareholders have definitely benefited from pandemic-fueled wealth. In July 2020, the company gained a record of \$3,800 per share, which soared by 70% in December compared to the start of the pandemic.<sup>28 29</sup> Bezos, who recently stepped down as Amazon's CEO, received the biggest increase in personal fortune out of the 644 billionaires in the US.<sup>30</sup> As the wealthiest person in the world, his net worth has swelled from \$113 billion to now over \$186 billion, a stunning 65% increase, since the start of the pandemic.<sup>31 32 33</sup> A list of Amazon's top three individual and corporate shareholders is listed below.

**Figure 3. Top three individual and corporate Amazon shareholders<sup>34</sup>**

Individual Shareholders	Position/Company Type	Shareholder %
Jeffrey Bezos	Chief Executive Officer	11.1% (5.5 million shares)
Andrew Jassy	CEO and founder of Amazon Web Services, soon-to-be CEO of Amazon in late 2021	0.02% (4,777)
Jeffrey Blackburn	Senior Vice President of Business Development since 2006	0.01% (4,967)
Institutional Shareholders	Position/Company Type	Shareholder %
Advisor Group Inc.	Senior Vice President of Business Development since 2006	7.1% (35.4 million shares)
Vanguard Group Inc.	Mutual fund and ETF management company	6.6% (33 million)
BlackRock Inc.	Mutual fund and ETF management company	5.4% (27 million)

Source: Nathan Reiff and Margaret James, "Top Amazon Shareholders," Investopedia, March 13, 2021, <https://www.investopedia.com/articles/insights/052816/top-4-amazon-shareholders-amzn.asp>.

# Amazon, Inc. in Los Angeles and the Inland Empire

## Goods Movement and Warehousing

The Port of Los Angeles and the Port of Long Beach are the biggest ports in the nation in terms of container value handled and handling 40% of the goods that enter the United States.<sup>35</sup> Though California ships more goods to other states than it receives, it also ships 63% of its goods within the state.<sup>37</sup> In Southern California, San Bernardino and Riverside Counties are critical for the storage and movement of goods entering the United States.

In 2017, the combined revenue of the Goods Movement and Warehouse and Storage sectors was \$910 billion.<sup>38</sup> In 2020, despite a small decline in profits at the start of the pandemic, both sectors grew and are forecasted to have positive growth.<sup>39</sup> In the first quarter of 2021, 5.7 million people worked in these sectors nationwide. During the pandemic, the unemployment rate rose from 4% to 15% in four months before dropping to 9% in October and then dropping again to 7.5% by April 2021.<sup>40</sup> Nationally, these workers earn an average of \$26 per hour and work a typical 40-hour workweek.<sup>41</sup> Union membership in transportation and warehousing is low but relatively stable; about 17% of workers are union members.<sup>42</sup>

In 2015, FedEx, UPS, and the United States Postal Service (USPS) delivered more than 97%

of Amazon's e-commerce retail products.<sup>43</sup> By the end of 2020, Amazon handled 5.1 billion packages in the U.S., a few hundred million short of the 5.3 billion packages that UPS shipped nationally.<sup>44</sup> Amazon handles two thirds of its package deliveries and is aiming to internalize 85% of deliveries by the end of 2022.<sup>45</sup> Prior to their expansion, UPS was contracted as a shipper. UPS shared proprietary routing data with Amazon executives and gave them tours of operations to sell them on the business.<sup>46</sup> As Amazon Logistics expanded, they hired dozens of logistics executives to map out their own delivery strategy that could compete with UPS.<sup>47</sup>

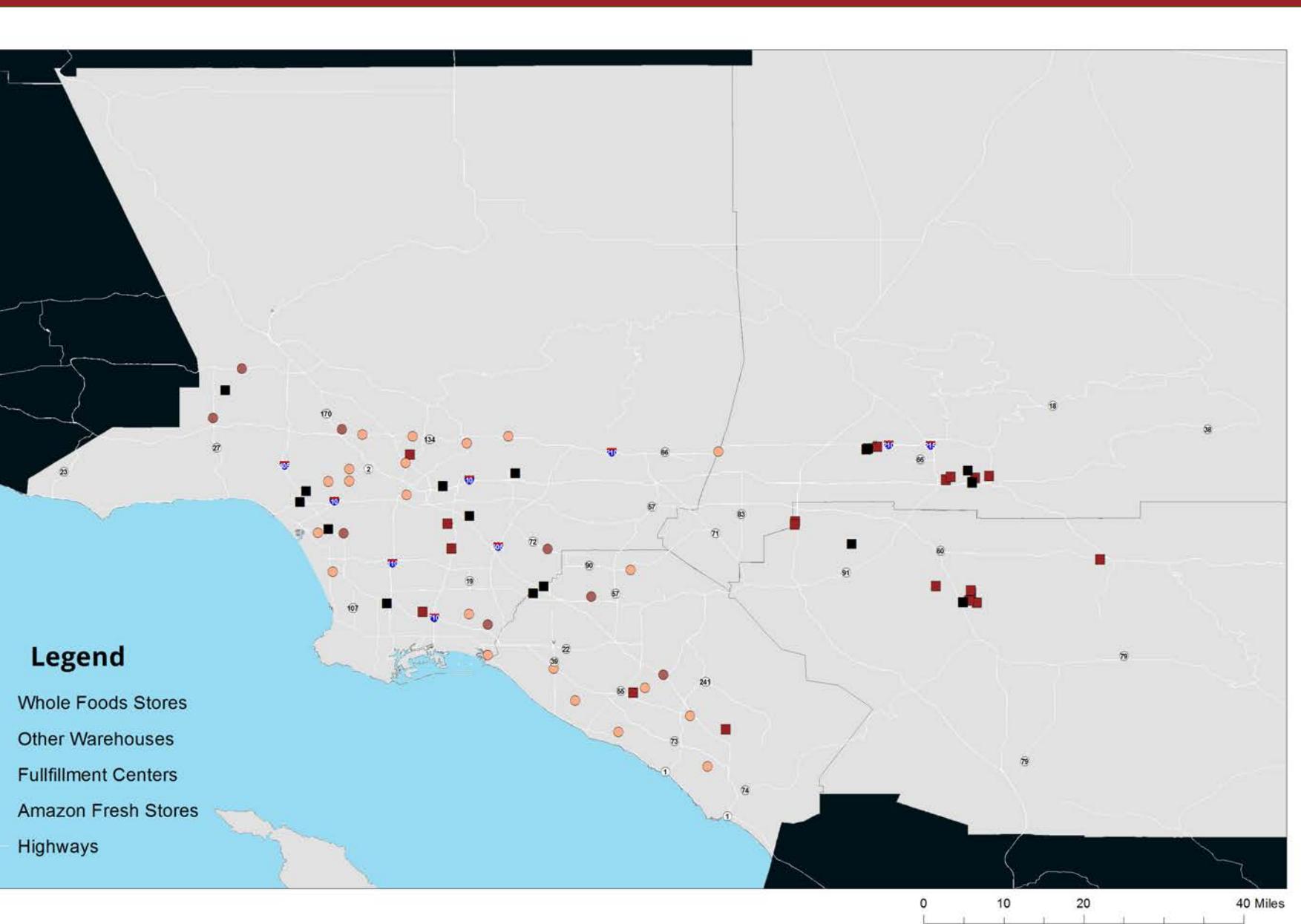
Amazon Logistics has marine and air freight licenses and is testing drones and automated vehicles for delivery. They are planning to add 100,000 vehicles to their delivery fleet, bringing the total fleet size up to 175,000 vehicles.<sup>48</sup> Amazon is currently seeking approval from the Federal Aviation Authority to continue testing delivery drones.<sup>49</sup> The goal is to integrate all stages of commercial sales and cut costs in delivery and returns. Currently, Amazon owns 60% of the U.S. e-commerce 3rd party logistics market.<sup>50</sup> This is distinct from their dominance of the e-commerce retail market, however. In 2020, 21.3% of all retail sales in the United States were made online, with Amazon accounting for almost one third of all e-commerce activity.<sup>51</sup>

Amazon's growth strategy is based on out-competing other companies through innovation and cost-savings. Industry clustering is key to their competitive edge as an e-commerce merchant.<sup>52</sup> Instead of moving one shipment to a store where

consumers shop, e-commerce businesses are fulfilling heterogenous orders.<sup>53</sup> To that end, they need multiple warehouses near a metropolitan area where they can store a variety of items. For the Southern California region, Amazon is strategically based in the Inland Empire. In 2020, their warehouse footprint in Riverside and San Bernardino Counties tripled and they are now the Inland Empire's biggest employer.<sup>54</sup> As an e-commerce and grocery retailer, Amazon is hungry for storage, labor, and transportation. Their pay starts at \$15/hour for drivers, warehouse workers, and grocery store workers, which is above minimum wage in the Inland Empire, Orange, Ventura and San Diego Counties and exactly minimum wage in Los Angeles.<sup>55</sup> Figure 4 shows the locations of fulfillment centers and other warehouses in L.A., Orange, Riverside, and San Bernardino Counties.<sup>56</sup> Clustering exists primarily near the ports, along Interstate 5, and along Interstate 10.

It is important to note that this does not include any locations for warehouses and grocery stores that may be in the proposed or planning phase. Other than scouring permitting documents through city websites, Chuy Flores, a San Bernardino Planning Commissioner, stated that it actually can be difficult to know where exactly Amazon warehouses are located or pop up since it is not uncommon for Amazon to lease warehouse space from a developer or landlord.<sup>57</sup> Therefore, their names are not on documents presented to the Planning Commission or City Council upon approval of the project. One of Amazon's competitive advantages in all sectors is convenience. They are not investing their own

**Figure 4 Amazon Fulfillment Centers and other warehouses in Los Angeles, Orange, Riverside and San Bernardino Counties**



Source: Amazon Distribution Network Strategy [https://www.mwpvl.com/html/amazon\\_com.html](https://www.mwpvl.com/html/amazon_com.html)

capital into the construction of warehouses. Amazon leases from other companies, sometimes private equity companies, and can adjust the lease if the market expands, contracts, or changes in another way.

Amazon's entry into grocery retail is fully linked to e-commerce retail via delivery, warehousing, and personal data collection. By analyzing consumer behavior on Amazon.com, the company can convince consumers to buy more online and in-store.

## Grocery Retail

Since first launching its grocery concept in Seattle through AmazonFresh grocery delivery service in 2007, Amazon has expanded rapidly in the grocery retail sector to form what it calls its Global Specialty Fulfillment Supply Chain (Amazon GSF). It is made up of start-up operations and acquisitions, including Amazon's biggest acquisition of the Whole Foods grocery store (worth \$13.7 billion) and physical Amazon Fresh storefronts since August 2020.<sup>58</sup>

Amazon's growth in the grocery sector, particularly in the last year, is mainly focused in Southern California. The Los Angeles and Inland Empire regions are home to Amazon Grocery, Amazon Fresh, Amazon Pantry, and Whole Foods, and L.A. County has been a breeding ground for its Amazon Fresh stores -- their inaugural store opened in Woodland Hills August 2020. As seen in the map in Figure 4, there are currently 15 Whole Foods and 7 Amazon Fresh stores. The L.A. region also has two 'dark stores'

which serve as 'micro-fulfillment centers' and delivery/pick-up locations for Whole Foods storefronts.<sup>59</sup> An interview with a current Amazon Fresh grocery worker, revealed that Amazon actually intended to open as many as 40 stores across LA, Ventura, and Simi Valley before plans were pushed back.<sup>60</sup>

A list of Amazon's subsidiaries under these three industries can be found in Appendix D.<sup>61</sup>

## Workforce Demographics

Amazon does not publicly disclose employee statistics broken down by industry or smaller geographic regions. Therefore, this section will discuss worker characteristics by juxtaposing data on both company-wide and industry-wide levels. As mentioned previously, California as a state employs the most Amazon workers by far.<sup>62</sup> The workforce across grocery retail, transportation, and warehousing sectors have generally grown exponentially between 2010-2020 in CA, but particularly for the warehousing industry with a staggering 1,121% increase.<sup>63</sup> These figures do not reflect contractors or workers employed through third-party firms or agencies, which is critical to note since the vast majority of Amazon's delivery drivers fall under this category.

Los Angeles, San Bernardino, and Riverside Counties have experienced similar workforce growth over the last decade: in L.A. County, the transportation industry depicts the largest increase of 37%.<sup>64</sup> Although similar data could not be found for the same finer grain industries in San Bernardino and Riverside Counties, the figure also

illustrates a 101% increase in the former region and an incredible 381% increase in the latter from 2010-2019 for the larger "Transportation, Warehousing, and Utilities" sector.<sup>65</sup> Residents have noticed these industry booms as well. According to several interviewees from the Inland Empire, everyone who lives in the I.E. knows or is related to a current or former employee in these sectors. We discuss the differences in conditions of employment in the following section based on the industrial sector in the following section.

As Amazon continues to expand into California, it is reasonable to infer that the company has an influence on workforce trends. Amazon's workforce growth now totals 1.3 million globally, which coincides with trends in CA. Of this total, 950,000 or 73% of these workers were based in the US.<sup>66</sup> The significant rise that starts in 2017 is likely due to the acquisition of Whole Foods that year.

In the L.A. and Inland Empire regions, the grocery retail, warehousing, and transportation workforce is male-dominated and mainly Latinx. Workers in all three sectors tend to have at most attained some college education or an associates degree, with the exception of transportation sector workers in L.A. who have more workers with less than a high school education. Age range varies more by region and industry. A more detailed breakdown of worker demographics can be found in Appendices E-J.<sup>67</sup>

Workers in goods movement, warehousing, e-commerce retail, and grocery retail tend to belong to demographic minorities, and have

low levels of education. The risk of permanent injury in these workplaces is relatively high. Due to their socioeconomic position, these workers encounter more barriers to workers compensation, knowledge about disability rights, unemployment insurance, and disability insurance. Furthermore, permanently disabled workers have a difficult time ensuring workplace accommodations, and poor performance increases employment precarity as well as reduces future employment and economic opportunities.<sup>68</sup> A sentiment analysis of posts from subreddit threads, created for and by different Amazon workers, revealed growing negative feelings towards the company. For more details, see Appendix B.

## Amazon's Essential Workers

Deemed as "essential workers" during the pandemic, Amazon's employees have been putting their lives on the line to restock groceries as well as package and deliver millions of items. They have essentially been our nation's lifeline. Although Amazon often uses its decision to pay workers above the national minimum wage as a way to justify it being a great employer, workers in the L.A. and I.E. regions might not agree.<sup>69</sup>

## Drivers

Due to incomplete data, it is not clear what the specific demographic data is for Amazon drivers. In the General Freight Trucking sector, the majority of drivers in the U.S. are between the ages of 45 and 54. However, our analysis of comments on the r/AmazonDSPDrivers and r/AmazonFlexDrivers subreddits indicate Amazon drivers are likely to be males in their mid 20s to

late 30s.

Amazon's delivery drivers are not technically Amazon employees. Flex drivers are independent contractors that use their own vehicles, gas, and car insurance to deliver items for Amazon.<sup>70</sup> Flex drivers deliver for Amazon.com, Prime Now and Amazon Fresh, and local Amazon stores.<sup>71</sup> Unlike drivers hired by a Delivery Service Partner (DSP), Flex drivers work part-time and can make tips.<sup>72</sup> DSP drivers are hired by a local delivery company that is contracted by Amazon.<sup>73</sup> They deliver using Amazon branded vans leased by their 3rd party employer and work full-time, receive benefits, and can receive overtime.<sup>74</sup>

Flex drivers earn \$18-25 an hour depending on location, tips, and delivery times.<sup>75</sup> DSP driver pay starts at \$16.50 an hour and varies depending on local cost of living.<sup>76</sup> For example, drivers on the north side of the San Francisco Bay earn \$21.50 an hour.<sup>77</sup>

Vice estimates there are 75,000 DSP drivers in the United States.<sup>78</sup> DSP owners start their business explicitly with the intention of working for Amazon. The company offers assistance like financing and negotiated rates on insurance and van leases.<sup>79</sup> In exchange, Amazon transfers overhead employment costs and liability to the partner company. The decentralized labor structure makes it difficult for drivers to organize themselves to collectively bargain for better working conditions and pay.

If drivers at a DSP unionize, Amazon has the option to close their contract. Amazon tells its delivery partners that a DSP with 40 trucks

can make \$4.5 million per year in revenue.<sup>80</sup> However, only \$300,000 of that revenue is actually profit.<sup>81</sup> Thus, DSP managers are aware of the risk of tolerating drivers that make mistakes, fail to meet rates, and who attempt to unionize their coworkers.

**There is only one incidence of union organizing attempt at a DSP in 2017, Michigan drivers at a company contracted by Amazon successfully voted to unionize with the Teamsters.<sup>82</sup> Within a month, pro-union drivers were fired and the firm closed in Michigan.<sup>83</sup> Dismissed workers filed an unfair labor practice charge with the National Labor Relations Board and received \$15,000 in back pay as part of a settlement.<sup>84</sup> The company, however, was not found to have engaged in retaliatory firing.<sup>85</sup>**

Driving conditions are clearing. Comments on subreddits like r/AmazonDSPDrivers and r/AmazonFlexDrivers discuss unrealistic delivery rates, safety issues, health issues, and low compensation. The pressure to "make rate" and the nature of delivery work in residential areas forces drivers to skip at stops and urinate in plastic water bottles. During the pandemic, the popularity of online shopping dramatically increased, which increased demand for drivers and workload on current staff.<sup>86</sup> Changing quotas is typical for Amazon, who once assigned 150 packages per driver per shift and has now doubled that number.<sup>87</sup> Some drivers deliver more

“

Some [workers] would be misdiagnosed in-house and realize they broke an ankle or elbow only after seeing an external doctor.

- Former I.E. Amazon Fulfillment Center employee.

”

than 300 packages during twelve-hour shifts that were initially scheduled to be ten hours.<sup>88</sup> In 2021, Amazon introduced cameras with Artificial Intelligence in vehicles at contracted DSPs in the United States.<sup>89</sup> The AI cameras record drivers for the duration of their shift and are programmed to watch for driving errors such as running stop signs and distracted driving.<sup>90</sup> Some drivers have claimed the camera has dinged them for distracted driving when they yawn.<sup>91</sup> Corporate policy underpinning the AI cameras state that footage is not protected or anonymized and can be handed over to law enforcement or used for legal proceedings.<sup>92</sup> Ultimately, the abuse of workers and their privacy produce feelings of distrust, paranoia, and powerlessness in contracted drivers.

#### **Warehouse and E-commerce Workers**

E-commerce and warehouse work is repetitive and demanding. Amazon in particular endeavors to optimize the human worker by inducing competition between workers and driving work rates up.<sup>93</sup> Management notifies and celebrates workers that manage to “break rate” or “crush” a truck packing record.<sup>94</sup> Some workers try to work as hard as possible to earn respect from higher-ups, which leads to an ever-changing pace of work and induces a “shifting baselines” effect wherein new hires start at the latest rate without ever knowing there was a lower one.<sup>95</sup> Furthermore, managers are also praised and rewarded when workers break rate. This creates an incentive for managers to provide understaffed shifts and force rate increases.

The pace of work at Amazon, as well as the

pressure to meet rate, causes repetitive stress injuries, musculo-skeletal injuries, and poor mental health in workers. Amazon invests in technology and work culture that ensures tasks are completed, thereby monitoring worker productivity giving write-ups for going over.<sup>97</sup> It is difficult for workers to access a bathroom during a 10-minute break since they are 3-5 minutes away from their work station.<sup>98</sup> Many workers relieve themselves in bottles or wait until the end of their shifts to use the bathroom.<sup>99</sup> This behavior is at fault for kidney illnesses and other health conditions that have been observed to emerge uniquely in Amazon’s e-commerce warehouses.<sup>100</sup>

There are also long-term health consequences. Some workplace injuries can be so severe and chronic, that they lead to permanent disability. A former warehouse worker mentioned that social distancing was inconsistently enforced and that some injuries are misdiagnosed.<sup>101</sup>

When asked about the typical protocol for work-related injuries, he stated that managers preferred to handle injuries internally by sending workers to AmCare (Amazon’s in-house medical staff), where they are given ibuprofen or an ice pack and then sent back to work.<sup>102</sup> If workers wanted to ease their production rates for the day or take the shift more slowly, they would need to go through an overwhelming amount of paperwork, which discourages them from doing so. He additionally indicated that misdiagnoses were common and lead to improper treatment. Other co-workers were also sent to physical therapy when they tore a muscle, worsening the condition.<sup>103</sup>

“Some [workers] would be misdiagnosed in-

house and realize they broke an ankle or elbow only after seeing an external doctor.” - Former I.E. Amazon Fulfillment Center employee.<sup>104</sup>

A former Amazon security guard spoke about the inherent physical demands of his role.<sup>105</sup> If someone did not show up for their shift, he would be forced to work a double shift. Effectively, security guards and other workers would work for sixteen hours, go home for eight, and go back to work where they might once again be pressured into a double shift. This former employee believes managers simply did not care and were not good at their jobs.<sup>106</sup> Work ends up done whether staff is supported thoroughly or not. Even then, sometimes people were not paid for shifts they had completed because managers did not do backend work.<sup>107</sup>

Due to demanding and stressful work conditions, turnover rates in warehousing and e-commerce are high. According to the National Employment Law Project, “once Amazon opened a fulfillment center in a region, the turnover for warehouse workers in those counties dramatically increased to 100% -- far exceeding the industry average of 83% annual worker turnover in CA, and 68.8% turnover nationally.”<sup>108</sup> During the pandemic, warehouse line workers and e-commerce workers were among the occupations with the highest rates of excess deaths. These jobs saw an excess of 172 deaths (per some number) and the risk ratio for workers increased by 60% compared to death risks during non-pandemic time.<sup>109</sup> Within days of California’s statewide “safer at home” order, Amazon’s largest warehouse, located in Moreno Valley, covered up a Covid-19 case

in the workplace.<sup>110</sup> Some employees learned about their infected co-worker through Facebook or when they saw other workers leaving early to avoid infection.<sup>111</sup> Managers did not disclose where infected employees worked. As a result, some workers were compelled to track cases themselves.<sup>112</sup>

**Alice Berliner of the Southern California Coalition for Occupational Health and Safety (SoCal COSH) revealed how employee complaints were rarely addressed comprehensively due to a disproportionate lack of oversight by Cal/OSHA during the pandemic. “During the pandemic, the bulk of Cal/OSHA’s inspections were via letters,” says Alice, “Cal/OSHA sends a letter to an employer, skips over the entire inspection process, and has employers send in pictures of proof they abated hazards. There are no fines, accountability or in-person visits.”<sup>113</sup>**

Eventually, workers were given \$2 in incentive pay, which kept the workforce relatively stable. A former employee describes how the warehouse was adapted for pandemic hygiene recommendations in May.<sup>114</sup> The company introduced temperature screenings, handwashing stations, tape boundaries, plexiglass down walkways, video monitoring, and write-ups for not social distancing.<sup>115</sup> However, this employee says that managers in his warehouse in the Inland Empire did not wear masks nor did they enforce

mask wearing among workers.<sup>116</sup> In addition, managers at Amazon warehouses in the U.S. told employees that warehouse workers were not eligible for sick leave if infected with Covid-19.<sup>117</sup>  
<sup>118</sup>

#### **Grocery Retail Workers**

Grocery retail work is comparable to other retail positions. Among other tasks, employees are cashiers, stockers, take inventory, clean the store, and unload deliveries. The work is physically taxing as almost all the roles require standing and walking. In the United States, cashiers are discouraged from sitting at the register because it increases the angle of eye contact and creates an impression of disinterest.<sup>119</sup>

The average wage for a Grocery Associate and Stocking Associate in Los Angeles and San Bernardino Counties is \$15.52 compared to the statewide average of \$16.72.<sup>120</sup>

UC Berkeley’s Labor Center estimates that 27% of California’s food retail workers are unionized, as of 2014. Other than a slight increase between 2019 and 2020, the retail trade industry-wide has followed larger declining union membership rates for the past several decades.<sup>121 122</sup> As Amazon has grown from 2010-2020, union worker’s wages declined by 21.6%.<sup>123</sup> In speaking with a unionized employee at a Ralph’s store in LA, wages and benefits have stagnated over the last decade, as well. Since 2003, Ralph’s labor contracts with UFCW established a tiered wage and benefit system. Under this system, benefits decreased overall and those with more seniority received larger bonuses or overtime pay.<sup>124</sup>

During the pandemic, grocery workers were classified as essential workers. Though the Center for Disease Control, the California Department of Public Health, and county departments of public health published guidelines for protecting essential workers, the authors learned that these policies were followed loosely and many workers were dissatisfied with response from management. One worker at a Food 4 Less in L.A. County revealed that management did not disclose when co-workers were infected. She contracted Covid-19 after eating in the breakroom with a sick colleague. When this worker called in sick, her manager questioned her claim, pressured her to work, and then insisted that the infection did not occur because of her co-worker. As workers fell ill, stress at work increased and employees started to get harassed by customers. "There was a lot of verbal and physical abuse," says our interviewee, "Workers were crying at the checkout stand. Some had to take medical leave. It's like waiting for someone to shoot you." One time, a customer became angry from waiting in line, hit her with a box, and verbally abused her.

"People stay because they can't get any other job. Who wants to stand, pull, lift, carry ridiculous loads and work nonstop like a tedious assembly line on nights, weekends and holidays and put up with customers who look down on 'essential' workers...?!?" - Whole Foods worker.<sup>125</sup>

Whole Foods actually reduced paid breaks from 15 to 10 minutes. The lack of transparency regarding worker Covid-19 cases even caused a former Orange County Whole Foods worker to start tracking cases herself.<sup>126</sup> <sup>127</sup> At Amazon

Fresh, Flex workers expressed that it felt like "Black Friday racing co-workers to pick up shifts" and that Amazon over-hired employees to inflate employment reports.<sup>128</sup> Interviews did not indicate abuse from customers, but rather from supervisors who belittled and yelled at employees for insignificant reasons. Workers who bagged online orders were also contractually subject to termination if they go even one minute over their allotted ten minute break per 4-hour shift.<sup>129</sup> They are required to carry a handheld device with a GPS signal that assigns their orders, but also tracks each minute of their activity and units per hour (UPH).<sup>130</sup> However, he mentioned these devices can be faulty and lead to unnecessary discipline. He was once disciplined for reportedly "standing idle in an aisle for twenty minutes", according to his device, even though that was not the case at all.<sup>131</sup>

In early January 2021, essential workers like grocery store employees became eligible for the Covid-19 vaccine. A Ralph's employee the authors interviewed said that the company did nothing to coordinate vaccine distribution in his store.<sup>132</sup> Instead, grocery workers organized a system to receive spare vaccines from the on-site pharmacy department. This employee believes the majority of workers at his store were vaccinated this way.<sup>133</sup>

UFCW Local 770, a major union representing 22,946 grocery retail workers in L.A. County, estimates a total of 5,945 positive Covid-19 cases in L.A. County.<sup>134</sup> Because of this, they provided personal protective equipment (PPE) and hygienic products for workers at the beginning of the

pandemic when employers refused to do so. They later supported workers in fighting to successfully mandate companies to assume this responsibility. In February 2021, they organized alongside their members to win hazard pay for 26,000 workers in the City of L.A. as well as others across L.A. County. This measure temporarily increased pay by \$4-5 for grocery and drug store employees.<sup>135</sup> Although a huge win, Kroger retaliated by closing multiple stores across LA, displacing hundreds of workers and raising the stakes for future organizing.<sup>136</sup>

## Methods of Worker and Community Disenfranchisement

### Vertical integration to Spur Growth

Understanding Amazon's business model is critical to contextualizing what fuels its desire to maintain efficiency, even at the cost of its workers' health and stability. In addition to other elements core to its business model, Amazon has been obsessed with vertical integration strategies since its inception.<sup>137</sup> Vertical integration is a process in which a company buys or controls its suppliers, distributors, or retail locations to control its value or supply chain.<sup>138</sup> Through this, Amazon is able to create a competitive advantage from its competitors or absorb them, thereby reducing costs, controlling processes, and improving efficiency. Although this tends to be a costly venture, Amazon's seemingly infinite revenue allowed it the ability to use vertical integration as

a way to scale up to the size it is today. Amazon's vertical integration has taken a similar pattern in each of the transportation, warehousing, and grocery sectors:

- 1. Starts using services itself**, positioning the company as an intermediate supplier.
  - When the company first started as a bookseller, it simply passed on orders from consumers to publishers. Similarly, Amazon relied on UPS and FedEx to deliver its products including non-perishable goods from its Amazon Pantry subsidiary. Although perhaps initially it was not Amazon's intent to go beyond this phase, it does allow the company to learn more about these services to undercut them later.

- 2. Cuts out intermediary services and suppliers** by acquiring its competitors or recreating its own services or products to meet customers' need

- a. Amazon created its own warehouses** as a way to gain more control over the logistics process. In 2018, Amazon announced its plans to launch its own delivery services. In contrast, this has looked a little differently in its emergence in providing fresh food products. Amazon acquired Whole Foods in 2017 before launching Amazon Fresh in 2020, which allowed it the opportunity to gather consumer data it previously did not have. The Whole Foods acquisition also demonstrates Amazon's intentions in absorbing private brands, such as

Whole Foods 360, that would then attract consumers loyal to that brand and build its competitiveness.

### 3. Builds operational optimization and scale

**a. As mentioned in previous sections, Amazon relies heavily on big data collection of consumers and innovation to optimize its operations.** In scaling up its operations, its warehouses utilize technologies such as robotics and automation, whereas drones are soon-to-be implemented and independent contractors such as Flex drivers help Amazon fill distribution gaps in its delivery services. However, building a model for strict optimization comes at the detriment of worker health and safety, which will be discussed further in the following subsection.

### 4. After gaining a competitive advantage

**in these services over competitors, Amazon flips the supply chain** by offering them to other companies and users to utilize as third-parties, making operations even more profitable.  
**a. For example, after establishing operational efficiency in its warehouses, Amazon offered companies the opportunity to store their products there and utilize the company's picking and packing services.** Amazon then began to deliver perishable foods, developing and using its own van and personnel fleets to do so. Once Amazon launched its own

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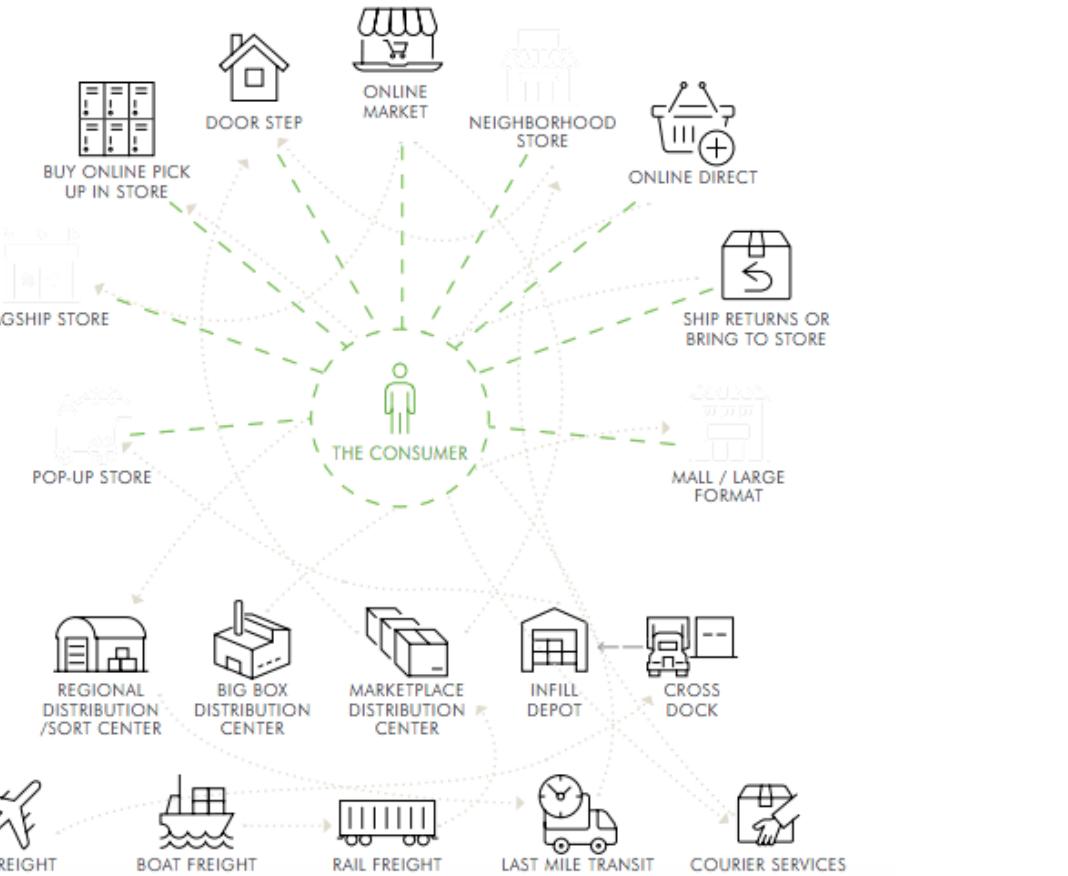
”

- Whole Foods worker

delivery service via DSPs, it was then able to subcontract and profit from logistics companies that they previously relied on and were a buyer for.<sup>139</sup>

In this way, Amazon's model not only diminishes competition, it makes their competitors dependent upon them. Vertical integration allows Amazon to no longer be reliant upon certain producers in its supply chain, generating both a monopoly

**Figure 5. Amazon's Omnichannel Retail Model<sup>141</sup>**



Source "Amazon Vs. Brick And Mortar: Why The Future Of Retail Is Omnichannel," SeekingAlpha, May 23, 2021, <https://seekingalpha.com/article/4430473-amazon-vs-brick-and-mortar-why-the-future-of-retail-is-omnichannel>.

for consumers as well as a monopsony for sellers on Amazon's marketplace and other companies who want to utilize their delivery services. Opening these services to any user allows them to meanwhile improve logistical efficiency and competitive pricing even more, allowing them to quickly scale up and hire massive amounts of labor while largely deflecting responsibility for workers.<sup>140</sup>

Although Amazon is more commonly thought of as accelerating the impending decline of brick-and-mortar stores, it is concurrently transforming the in-store shopping experience as well. This can be explained by two major factors: the growing e-commerce industry and its use of technology in stores.

Amazon's dominance in e-commerce has added to the ongoing decline of brick-and-mortar stores across communities in the US. The pandemic only sped up this process, making it easier to cut competition with 200,000 business closures nationwide as well as 15,000 in LA, many of which are small businesses.<sup>142</sup> Meanwhile, as mentioned in a previous section, e-commerce boomed last year. Online shopping and delivery services' rise in demand have forced competitors to create online platforms to try matching or exceeding Amazon's pre-existing convenient services. In this way, Amazon's leadership in transforming the retail experience fuels a 'race to the bottom' that it creates between itself and its rivals.

However, many speculate that brick and mortar will not completely go away, and that Amazon's influence and heavy use of technology will instead transform the brick-and-mortar shopping experience.<sup>143</sup> Some speculate that Amazon's move to open grocery stores signals the company's belief in the need to remain accessible

to different consumer audiences, and its Whole Food acquisition also illustrates their desire to collect data on in-store consumer habits.<sup>144</sup> In response to the rise of e-commerce, grocery retail industry experts have been preparing companies for the last few years to adopt a "clicks and bricks" model that emphasizes services like in-store pick-up for online purchases.<sup>145</sup> This creates a seamless integration between physical stores and e-commerce sites.

Amazon's physical grocery stores have also been transformed into micro-fulfillment centers to fill gaps in logistics routes. This also allows the company to integrate its services in the warehouse, grocery, and transportation sectors. "As consumers increasingly demand same-day grocery fulfillment, Amazon Fresh stores could therefore fulfill this desire while also building Amazon's brand in food retail."<sup>146</sup> It seems plausible that this will be the future of grocery retail.

Thus, the factors influencing the decline and transformation of brick-and-mortar businesses become cyclical. The pandemic and small business' increased inability to compete with large corporations, will force more business closures. As a result, communities are left with a higher concentration of those same corporate retailers like Amazon, Kroger, and Walmart that have the capital to withstand economic and market shocks. Through this, they are then able to monopolize both online and traditional markets further as they amass more capital to spend on innovation. Their growing market and platform power thus transforms into political clout, flowing

from consumer dependence. Consumers become a "formidable source of opposition to regulation that threatens the convenience provided by these platforms."<sup>147</sup> Amazon then sets the stage for competitors to follow suit, further reinforcing this culture.

County drivers, for instance, sued Amazon in 2015, claiming that they were misclassified as independent contractors and therefore entitled to minimum wages, reported pay, overtime, expense reimbursement, and meal periods.<sup>150</sup>

Assemblymember Lorena Gonzalez thus authored AB5 ('the gig worker bill'), which went into effect in January 2020. This policy, aimed to reduce worker exploitation by extending employee classification to some gig workers, required companies to use a three-pronged test to justify classification for independent contractors.<sup>151</sup> Criteria to ensure that "the worker performs work tasks outside the company's usual business activities" made the biggest impact in terms of re-classification, since this tends not to be the case for many independent contractors.<sup>152</sup> After backlash from businesses and workers, the CA legislature then passed AB2257, exempting a long list of job categories from AB5 legislation that includes media and arts freelancers. Large delivery companies like Uber and Postmates retaliated against AB5 by pumping over \$205 million into Prop 22 last Fall. Upon Prop 22 passing, app-based ride share and delivery drivers are also exempt from AB5.

This has several implications. On one hand, AB 5 allowed some independent contractors to be converted to employees and therefore entitled to state law protections, creating a more level playing field. However, the backlash that occurred included smaller companies that claimed their inability to absorb additional costs, threatened to leave the state or no longer hire independent contractors. This consequently

## Accelerated Decline and Transformation of Brick and Mortar via E-Commerce

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put certain workers in consequent disarray and economic insecurity, fueling their vocal opposition.<sup>153</sup>

Although this bill did not directly involve or impact Amazon's contracted workers, the implications of AB 5 and Prop 22 signal a significant turning point in CA and nationwide labor protections. AB 5 demonstrates that implementing traditional broad-strokes solutions to a modern, nuanced issue is not the answer. The passage of Prop 22 also demonstrates the sheer power and vast amounts of capital that tech companies can use to buy their way out of lawful advances towards workers' rights. Amazon's lawsuits above illustrate this. "These billion-dollar corporations still refuse to offer their workers what every other employee in California is entitled to: earning the minimum wage for all hours worked, social security, normal reimbursements for their costs, overtime pay, and the right to organize."<sup>154</sup> Overall, the outcomes of these two bills will determine how other states navigate certain labor issues. It is clear that some type of governmental overhaul needs to happen to keep up with these rapid economic shifts fueled and enjoyed by companies like Amazon. The number of gig workers increased by 27% in the first quarter of 2020 alone, and is only expected to continue increasing.<sup>155</sup>

Additionally, these events show a growing and nuanced preference for gig work rather than traditional employment. A worker from Amazon Fresh stated this to be the case for her. As someone who has held 2-3 jobs her entire life as a preference, she enjoys the ability to earn extra income while maintaining a flexible schedule. As

a Flex grocery worker, she feels that mandating benefits to employees like her would only result in her job being cut.<sup>156</sup> Others feel that the gig economy provides an accessible employment alternative for those facing larger barriers to traditional jobs, including immigrants, seniors, or those that are formerly incarcerated.<sup>157</sup>

Meanwhile, union membership rates have been on a steady decline for the past several decades. With the exception of a slight rise between 2019 and 2020, 10.8% of US workers belonged to a union in 2020 compared to 20% in 1983.<sup>158</sup> According to a worker at a Ralph's grocery store in the City of L.A. and UFCW member, workers' benefits, wages, and their leverage to negotiate contracts with big retailers like Kroger have similarly been on a steady decline since 2003 and lost. As an employee in the industry for over 15 years, he noticed that since they experienced then, these employers have become more emboldened to push back on union contract demands, intimidate workers out of participating in union activities, and more recently challenge hazard pay. The stagnant wages they received over the last decade, as mentioned previously, are indicative of this. He indicated that even for workers who would ideally prefer to be unionized, there can be slim viable alternatives for jobs outside of Amazon.

### Building Worker Power

Despite these long-term blows to stability and financial security, workers across the country have continued to organize and fight back. Unionized

workers in goods movement, warehousing, e-commerce, and grocery retail belong to the International Brotherhood of Teamsters, the International Longshore and Warehousing Union, the Retail, Wholesale and Department Store Union, and UFCW.

## Worker Issues are Community-Wide Issues

### Environmental Justice

The concentration of warehouses in the Inland Empire has led to the worst air pollution in the country. As the top employer in the IE, Amazon is a leading contributor.<sup>159</sup> Riverside and San Bernardino Counties has among the nation's worst ozone pollution almost every single year since 1988 and the worst fine-particulate-matter pollution in Southern California since 1999 (when SCAQMD started measuring PM).<sup>160</sup> <sup>161</sup> Thousands of trucks drive through Riverside and San Bernardino counties each day. In one small Riverside community, Mira Loma, 15,000 trucks come through every day, ostensibly to deliver and pick up from one of the 90 warehouses in the city.<sup>162</sup> A member of the City of San Bernardino's planning commission, Chuy Flores, informed us that there are no designated truck routes in the city.<sup>163</sup> Truckers use all the roads, including those near and through neighborhoods. Due to extreme heat in the Inland Empire, truckers also idle in neighborhoods until it is time for delivery or pickup. As a result, the local roads are destroyed, air quality declines, and noise pollution is sustained 24 hours a day. The transportation commission can designate roads for trucking but

has not done so despite SCAG reporting on the rapid expansion of the goods movement and warehousing sectors in Southern California since 2010.<sup>164</sup>

Air pollution has a significant impact on pre-term birth, infant mortality, and the early onset of asthma in children.<sup>165</sup> The neonatal, infant, and toddler stages encompass an important stage of lung development. Exposure to even low levels of NO<sub>2</sub> increases the risk of early onset asthma between 0 and 3 years of age.<sup>166</sup> Particulate matter (PM) pollution, a product of combustion, is identified by the EPA as inhalable particles with diameters of 10 micrometers or smaller. People who live within 1500 feet of a highway are the most heavily exposed to PM, Carbon Monoxide, ozone, and NO<sub>2</sub>.<sup>167</sup> In Los Angeles, Riverside, and San Bernardino Counties, 640 schools are located within a half mile of a warehouse.<sup>168</sup> In Mira Loma, adolescents have lung function 10-12% lower than children who grow up in cleaner places.<sup>169</sup>

In adults, air pollution increases the occurrence of respiratory illness in healthy adults and increases morbidity (worsened symptoms) for adults with asthma, adults with chronic obstructive pulmonary disease (COPD), and those with cardiovascular conditions.<sup>170</sup> <sup>171</sup> <sup>172</sup> During the pandemic, the sudden drop in traffic improved air quality everywhere besides the eastern part of L.A. County and the Inland Empire.<sup>173</sup> The sustained demand for e-commerce kept ozone levels above the acceptable concentrations as determined by the CAA.<sup>174</sup> These environmental conditions increased Covid-19 severity in patients with

comorbidities.

### Environmental Racism

**Land use and zoning ordinances approved through local and county governments result in warehouses being constructed in polluted, poor, and predominantly hispanic areas.<sup>175</sup> Quan Yuan conducted a longitudinal study of the Inland Empire between 2000-2010 and found that "changes in the percentage share of minorities significantly and positively affect the changes in warehouse activity density... The environmental justice problem in warehousing location is found to be solely from the disproportionate siting of warehouses in minority-dominated areas, rather than from the movement of minority population towards warehousing."<sup>176</sup>**

### Building Coalitions to Take Action

Environmental hazards can cause long-term health issues for many, putting pressure on the regional healthcare and economic system. Because of these increasing disparities, communities are fighting back. Environmental justice groups across Southern CA successfully lobbied SCAQMD to adopt Rule 2035, the Warehouse Indirect Source Rule.<sup>177</sup> The rule requires warehouses greater than 100,000 square feet to directly reduce nitrogen oxide (NO<sub>x</sub>) and diesel particulate matter (PM)

emissions, or to otherwise facilitate emissions and exposure reductions of these pollutants in nearby communities.<sup>178</sup> The warehouse rule is a menu-based points system requiring warehouse operators to annually earn a specified number of points. These points can be earned by completing actions from a menu that can include acquiring and using natural gas, Near-Zero Emissions and/or Zero-Emissions on-road trucks, zero-emission cargo handling equipment, solar panels or zero-emission charging and fueling infrastructure, or other options. Alternatively, warehouse operators can choose to pay a mitigation fee. Funds from the mitigation fee will be used to incentivize the purchase of cleaner trucks and charging/fueling infrastructure in communities nearby. The warehouse rule is expected to reduce smog-forming emissions by 10-15 percent from warehouse related sources.<sup>179</sup>

In early 2019, communities and workers alike organized against San Bernardino International Airport's approval to build Eastgate - a 750,000 square foot air cargo logistics center occupied by Amazon which will have an undeniably public impact. Although developers claimed that the \$200 million facility would generate 3,800 jobs and \$6.5 million in revenue, many residents only recognized pollution and health impacts. According to Assemblymember Jose Medina of the IE, these jobs also often don't materialize, are temporary, do not come with benefits, and tend to be at risk of automation.<sup>180</sup>

In response, a dynamic group of residents, immigrant and environmental advocacy groups, and unions formed the San Bernardino \$B

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## Policy Goals and Recommendations

The authors, stakeholders, and interviewees discussed four broad policy goals and associated recommendations to improve working

Airport Communities coalition that, rather than deterring development, advocated for community benefits agreements (CBA) to guarantee provisions including good jobs for local residents as well as mitigation against air and noise pollution. As the FAA assessed that the project would have “no significant impact” on the environment, the Teamsters and Sierra Club also filed a lawsuit against the Federal Aviation Administration (FAA) in early 2020 to challenge it.<sup>181</sup> Other assessments predicted the development would “generate one ton of toxic air pollution daily in a region already ranked the worst in the nation for ozone pollution”.<sup>182</sup> Mario Vasquez, Teamsters Local 1932 staff, stated that as a publicly-owned resource, it is the community's right to be part of this process and reap the project's benefits. A court ruling is anticipated in the next few months, potentially mandating companies to cooperate with the CBA.<sup>183</sup>

conditions in goods movement, warehousing, and grocery retail sectors in Southern California. First, it is important to create a reasonable and sustainable workload for workers. Assembly bill 701 addresses the issue of rates and quotas in warehouse work. The proposed bill states that “an employee shall not be required to meet a quota that prevents compliance with meal or rest periods or health and safety laws” and it would prohibit an employer from taking adverse action against an employee that fails to meet a quota.<sup>184</sup> The second goal is to limit warehouse growth, and subsequently Amazon's growth, by imposing a warehouse moratorium in the Inland Empire. This would stabilize traffic and air and noise pollution until systemic interventions are introduced. Third, it is important to regulate technologies used by private companies. Surveillance via technology in the Amazon workplace goes to extreme lengths and can be dangerous for employees like drivers.<sup>185</sup> The final goal is to mitigate and minimize the impact Amazon and other associated industries have on surrounding communities using a variety of technologies, policy protections, and reparative funding. The following three tables present recommendations for workers and communities affected by Amazon, workers affected by pandemic profiteering, and all workers in industries researched in this report.

**Table 1. Recommendations for Workers and Communities affected by Amazon**

Policy Goal	Recommendation	What it Does
Create a “reasonable and sustainable workload” for workers	AB701 2021 (WWRC co-sponsoring)	Addresses quotas, injuries, and improves occupational safety and health
“Limit amazon's growth Mitigate or minimize impact that amazon has on surrounding community”	Warehouse moratorium	Stabilizes air, noise, and traffic pollution
Mitigate or minimize impact that amazon has on surrounding community	SB1	Helps provide funding for programs that aim to reduce impact of freight trucking on congestion, streamline goods movement, and reduce enviro impact on community
Mitigate or minimize impact that amazon has on surrounding community	- Improve infrastructure by grade separation for interstates, freeways, and roads - Fix arterial road damage caused by heavy trucks - Expand rail facilities and add supporting infrastructure	Addresses noise pollution, infrastructure damage by trucking, and demand on vehicle infrastructure
Limiting and creating transparency with corporate data collection	Nationwide Opt-in Regime for Online Data Collection	Using the European Union's General Data Protection Regulation 2016/679 as a model, implementing this primarily gives individuals control over their personal data. It could force companies like Amazon to ask for one's permission to collect data and keep it for a limited time. Individuals would have the right to force companies to delete their data. This should be strengthened by applying internet warning labels, similar to those for cigarettes.



Description: Amazon workers and community members part of the San Bernardino Airport Coalition fighting for a community benefits agreement to take impact of Amazon's air cargo facility project

Source: IECN News/Grist

**Table 2. Recommendations for workers in industries manipulated by pandemic**

Policy Goal	Recommendation	What It Does
Create a “reasonable and sustainable workload” for workers	SB 231 (Domestic worker coalition)	If this passes it could define how Cal OSHA aims to cover grey areas (independent contractors) in the future

**Table 3. Recommendations for all workers or workplaces researched in**

Policy Goal	Recommendation	What It Does
Limit amazon's growth	Protecting the Right to Organize (PRO) Act	Protects workers' rights to organize and join a union by: 1) Strengthening pathways to fair union elections for workers and mandating that corporations cooperate with results, 2) Establishing substantial and enforceable penalties for businesses that violate workers' rights, and 3) Broadening workers' collective bargaining rights and closing loopholes that big corporations utilize to exploit them.
“Limit amazon's growth Mitigate or minimize impact that amazon has on surrounding community”	Antitrust Laws	Federal and state antitrust laws attempt to regulate companies' size and market power by prohibiting practices like monopolies, market allocation, bid rigging, and price fixing. As mentioned by several interviewees, it may be the most overarching way to prevent conglomeration and unchecked growth for companies like Amazon.
Mitigate or minimize impact that amazon has on surrounding community	Universal Basic Income (UBI)	First piloted in Stockton, CA, UBI is a public program in which all adult citizens are given a set amount of money on a regular basis. UBI is a tool to alleviate poverty resulting from rising living costs, depressed wages, and increasing automation of jobs in a less prescriptive and bureaucratic way compared to traditional US social welfare programs.
Mitigate or minimize impact that amazon has on surrounding community	Public Health Councils	“Supplemented by LA's Anti-Retaliation Ordinance, this provides a form of community-led enforcement of public health orders, led by community worker organizations. By educating workers on health orders, and helping workers report health and safety violations, it is a platform for workers to organize outside of a union.”
Foster worker empowerment	High Road Training Partnerships	A workforce development model designed with dynamic partnership strategies to foster equitable and sustainable jobs. It is an industry-based, worker-focused training partnership model to build skills for California's 'high road' employers — firms more focused on quality, service, innovation, and investment in human capital where workers have agency and voice.
Foster worker empowerment	Community Benefits Agreements (CBA)	A CBA is a deal made between developers, community stakeholders, and the government to provide certain community investments in exchange for community support for the development, both of which would likely not happen otherwise. Such provisions can include infrastructure improvements or development of parks and other forms of public space.
Foster worker empowerment	Transition from “Service” to Organizing Model Within Unions	As stated by a union partner in the Community Collaborative, some unions still employ a “social service” model between workers and union organizers in fighting for high-quality union contracts and working conditions. Transitioning to an organizing model can cultivate a more transformative rather than transactional relationship where workers prioritize long-term movement building and social justice.

## Private Equity - A Worker's Introduction

Private equity (PE) is a type of financial firm that takes long-term enterprises - large private businesses and public-facing essential services like hospitals - and exposes them to high-risk, high-reward short-term economics. A PE firm is a 'partnership' - a small group of private investors with access to vast sums of money who make equity investments in private companies. To a company, the appeal of a partnership with private equity is two-pronged. First, a cash infusion can

help companies scale up beyond their own means or survive a hardship that they otherwise could not endure. Second, the private equity firm brings in management experience, takes a significant share of the decision making authority, and helps guide the direction of the company toward greater profitability. This arrangement can be beneficial - this has saved some companies from bankruptcy, and others have been able to grow beyond their own limits.<sup>186</sup>

The most common private equity deal is a leveraged buyout (LBO). In an LBO, the partnership borrows from another lender to invest alongside the PE's initial cash. If the return of the security (the firm's cash plus the borrowed sum) is larger than the interest paid on a borrowed sum, the profits can be significant.<sup>187</sup>

Yet, private equity investment requires the company - not the private equity firm - to take on debt and bear all the risk. To make a leveraged investment worthwhile for a PE firm, the borrowed

sum may be an order of magnitude bigger than their own investment. Insulated from loss and

now in control of a newly, deeply indebted

company, the private equity firm also extracts a

management fee for their services. These fees are

massive - usually around 2% of the total amount

of managed money. In the fiscal year (FY) 2019

this amounted to nearly \$6 trillion. The most

common deal then results in a 20% share of any

profits made in the course of the partnership.<sup>188</sup>

A private equity firm may or may not want its

partners to succeed, but the crucial point is

that it does not need those partners to succeed

in order to profit: in the event of failure, the

equity investment is paid first and the company

folds. In some cases, companies fold because

of outsized debts taken on specifically to pay

the PE management fees.<sup>189</sup> The goal in an

LBO is high short-term profitability for the PE

firm, not stakeholders (like customers and local

communities) and certainly not employees. Private

equity investment is a 'buy to sell' operation

with a short partnership window, usually three to

five years. Having bought the company through

such an investment, the firm is entitled to sell off

assets or real estate, incur huge sums of debt to

pay dividends to itself, cut any amount of costs,

weaken the overall product, or even drive the

company into the ground. At the end of the three-

to-five year partnership, the investment is paid out

whether the company has improved in any way

or not, and any leftover debt is a burden for the

company to bear.<sup>190</sup>

Each of these short-term profitability measures can

inflict long-term damage on a company's health,

but the foremost object of our concern here is the

leverage an equity firm has over a company's

employees. One of the principal tools private

equity uses to create such short-term profitability

is "creative destruction" of its labor force.

"[Leveraged] buyout targets destroy old jobs

more rapidly than otherwise comparable firms not

under private equity control," and bring in newer,

lower-paid and more precarious jobs in the name

of greater productivity.<sup>191</sup> Whether or not this

strategy works is a matter of debate, but in any

case it is in diametric opposition to the interests

of organized labor, especially considering the

degree of failure private equity investments have.

A private equity investment makes a company

ten times more likely to fail. Twenty percent of

businesses that engage in a leveraged buyout

declare bankruptcy within ten years, as opposed

to 2% in a control group.<sup>192</sup> Therefore, even after

mass firings, wage cutting, denial of basic safety

provisions, misclassification of employees, and

more - all the anti-labor tools that neoliberal

economists cheerfully refer to as "creative

destruction"<sup>193</sup> - companies can and do go

bankrupt and lay off their entire workforce. The

private equity firm, however, has made a massive

windfall and is free to repeat the cycle with

another company.

**As private equity's principal means of short-term profit is a direct attack on labor at the cost of a company's long-term sustainability, any public entity with an interest in stakeholders -customers, communities, workers- should reject private equity as the bloody gamble that it is.**

## Private Equity, Public Money

We have argued that the business model of private equity is a form of vicious capitalism, an extractive force that rewards the mega-rich and the 'institutional investor' at the expense of the working class. Yet private equity's advantages

Private equity firms are able to do this because of their access to the largest institutional investors on the market - those rarified "high-net-worth" individuals and organizations, like pensions, sovereign nations, and endowments, with billions of dollars to invest. We hereby submit that while

appealing to the consciences of individual billionaire investors is an entirely separate and daunting endeavor, engagement with public entities such as pensions offers an opportunity. As private equity's principal means of short-term profit is a direct attack on labor at the cost of a company's long-term sustainability, any public entity with an interest in stakeholders -

customers, communities, workers - should reject private equity as the bloody gamble that it is. Public money should not be used to degrade workplaces, torpedo labor relations, destroy jobs, scuttle companies, and reward predatory capitalism. Yes, a pension has an obligation to create more wealth for its stakeholders but private equity does not outperform alternative investment vehicles. From 2010 to 2020, venture capital had an annual return of 15.15%, the S&P 500 index had a return of 13.99%, and private equity returned 13.77%.<sup>194</sup> This lesser performance was, again, predicated on destroying American and international labor and the demise of every fifth company.

come from other people's money - the investment portfolios of endowments, nations, individual billionaires, and pensions. Private equity would lose its invincibility if any one of those institutional investors lost faith in its returns.

California public pensions offer an opportunity for disinvestment, and some pension officers already loathe private equity as a concept. "Private equity isn't my favorite asset class," the chair of CalPERS Board's Investment Committee said at a meeting last year (CalPERS is the largest pension fund in America with \$444 billion in assets).

Fully conscious of the pillage-oriented business model - that same meeting addressed private equity's purchase of Toys R Us and the subsequent annihilation of the fifty-year-old company and 30,000 jobs.<sup>195</sup> Thus, investment boards are not seeing private equity's alleged high rates of return. CalPERS leadership is on record as begrudgingly beholden to PE investment, insisting against repeated annual failure that PE might eventually deliver what it promises.<sup>196</sup> "We're going to be sold a bill of goods, and we're going to believe what they say, because we want to believe it and we want to make higher returns," said Margaret Brown, a trustee and former capital investments director for a Southern California school district.<sup>197</sup> Such pensions, it seems, are stuck in an abusive relationship with private equity - the only investment vehicle with the potential to satisfy needed returns without ever reliably earning them. This is setting aside the conflicts of interest: senior CalPERS officers have been forced to resign over undisclosed private equity investments in both 2000 and 2020.<sup>198 199</sup>

## California Pensions and Management Fees

California is home to the two largest pension funds in the Country, CalPERS and CalSTRS, as well as dozens of other smaller funds that collectively control billions of dollars in assets. In 2016, in response to concerns about the appropriateness of private equity and hedge fund fees, the state legislature passed AB 2833, requiring California pension funds to publicly disclose management fees paid to Alternative Investment Vehicle (AIV) entities such as private equity firms.<sup>200</sup> Each pension times their fiscal year and fee disclosures differently, which makes collecting an accurate to-the-moment snapshot of fees paid to AIVs impossible. This complicates the Herculean task of tracking down each of these disclosure forms, which despite their requirement as a means of educating the public are often buried as nameless attachments to board meeting agendas. Nonetheless, as demonstrated in Appendix L, we have compiled the relevant data for many of the largest pension funds in California. This data is digested in Table 4, with the twenty counties that are independent from PERS summed in "Non-Pers Counties" and the five largest municipal funds (LA City, SD City, SF City, L.A. Police & Fire and SJ City) collected in "Largest Municipal Funds".

To summarize, California pensions are some of the largest in the country and collectively invest about \$80.5 billion in private equity, despite being routinely disappointed in private equity's returns. The management fees incurred amount to

**Table 4. Simplified Pension PE Fees**

Fund Name	Overall Fund Size (\$)	"Fair Value" of Private Equity Investments (\$)	Disclosed Management Fees (\$)	Ratio of fees to equity fair value
CalPERS	440,000,000,000	23,390,849,252	432,147,04	1.85%
CALSTRS	281,459,646,000	29,285,933,000	645,800,000	2.21%
UC Regents	78,000,000,000	4,200,000,000	38,883,278	0.93%
Non-Pers Counties	157,626,035,946	8,150,884,365	308,092,61	3.78%
Largest Municipal Funds	82,146,366,925	15,483,705,700	114,681,847	0.74%
<b>Estimated Overall Total</b>		<b>\$80,511,372,317</b>	<b>1,539,605,190</b>	<b>1.91%</b>

Source: See Appendix K-L (Red)

\$1.5 billion per year, almost two percent of the 'fair value' of such investments. A recent Harvard and Stanford study contends that nationwide pensions have overpaid private equity by \$45 billion due to wide variation in fee negotiation and our own calculation shows a low of .21% to a high of 7.72% in a ratio of fees to value.<sup>201</sup> While not all of the above disclosures are for the fiscal year 2020, it should be clear that private equity has not struggled under the pandemic. Indeed, cheerful articles claim that despite the pandemic, "private equity is doing quite well" and that the market dropped "only" 20% from 2019.<sup>202</sup> McKinsey even notes that "equity markets have enjoyed a befuddling recovery and are now only slightly lower than they were at the start of the year."<sup>203</sup> Blackstone posted its highest quarterly profit on record in Q1 2021.<sup>204</sup>

This is the first time this information has been assembled into a single table. Given what we know about private equity, this means that

workers are effectively funding the destruction of their own labor movement through their pension investments. As workers struggle in various ways on the ground for better wages, working conditions, and dignity at the job - as demonstrated throughout this report - the individuals that manage their pensions are doing seemingly all they can to undermine whatever gains are made by feeding the anti-worker monster that is private equity and enjoying \$1.5 billion in fees. These numbers, never previously compiled, shed new light on how workers' pensions are being used contrary to their own interests, and ought to set off a reckoning within the labor movement about the scale of investments in private equity. California public pensions are investing public money in private equity with reckless mandate for returns at any cost - jobs, safety, the viability of local target companies, a tremendous fee structure and - in some cases - the repeated failure to deliver.

# Profiteering In The Healthcare Industry

**This is the first time this information has been assembled into a single table. Given what we know about private equity, this means that workers are effectively funding the destruction of their own labor movement through their pension investments.**

Private equity's impact on the healthcare industry has been particularly harmful, a fact that has been dramatically exposed during the Covid-19 pandemic. The Los Angeles-based PE firm Leonard Green, the majority owner of Prospect Medical Holdings, provides a damning example of how private equity ownership can result in inadequate patient care, the gutting of pensions, a lack of personal protective equipment (PPE), and the closure of community hospitals. Despite its horrific track record, Prospect has paid out over \$658 million in fees and dividends to investors since being acquired by Leonard Green in 2010.<sup>205</sup> We should expect the influence of private equity in the healthcare industry to only increase post-Covid-19, as big firms are sitting on massive amounts of cash, smaller players are more vulnerable than ever, and the pandemic has only emphasized that health systems represent profitable investments.

However, private equity firms are not the only bad actors; our work with the California Nurses Association has pushed us to investigate the behavior of both for-profit and non-profit hospitals in Los Angeles. Olympia Medical Center, for example, a for-profit hospital in L.A.'s Mid-Wilshire neighborhood, shut its doors during the peak of the pandemic, abandoning with just three-months' notice its workers and the disproportionately low-income and African-American community it served for over 70 years.<sup>206</sup> At UCLA Medical Center and Saint

John's Health Center, both putatively non-profit institutions, our research and conversations with workers revealed many behaviors - refusal to provide adequate PPE, and attempts to reduce staffing levels, for example - that suggest they are responding to the same cost-cutting incentives as for-profit hospitals.<sup>207</sup> Yet these two examples also demonstrate that workers and communities are powerful when they organize, and can extract real, life-saving concessions from the bosses. Concessions can be won in the policy arena, too, as CNA's state-level victories regarding safe-staffing and PPE legislation (the latter won during this pandemic) attest.

## The Deadly Costs Of Private Equity Investments In Healthcare

equity ownership of nursing homes caused over 20,000 deaths during a 12-year period.<sup>208</sup> Another study published by Americans for Financial Reform found that such facilities in New Jersey had higher rates of Covid-19 fatalities and infections. Researchers blamed lower staffing per patient and other measures designed to cut costs and maximize profits.<sup>209</sup> Such revelations have even sparked a hearing by the U.S. House of Representatives in Washington, D.C., where New Jersey Congressman Bill Pascrell called for major reforms and summarized the situation thus: "Research has shown nursing home buyers [by private equity firms] are linked with higher patient-to-nurse ratios, lower quality care, declines in patient outcomes, weaker inspection performances, and increased mortality rates."<sup>210</sup> It is clearer than ever that private equity ownership of healthcare systems is not an abstraction; for tens of thousands of people, it may mean the difference between life and death.

Private equity's influence in the healthcare industry extends far beyond nursing homes. Particularly accelerating since 2010, by 2018 private equity investments in healthcare accounted for 855 separate deals, over \$100 billion invested,<sup>211</sup> and 14% of all private equity buyout activity.<sup>212</sup> The healthcare industry, according to veteran researchers Eileen Appelbaum and Rosemary Batt, "is especially conducive to the buy-and-build strategy" that private equity tends to use

**It is clearer than ever that private equity ownership of healthcare systems is not an abstract issue; for tens of thousands of people, it may mean the difference between life and death.**

elsewhere. Market fragmentation and a rapidly evolving technological environment provides ample opportunities for firms to "scoop up smaller companies, scale up, and dominate certain health care market segments." Consolidation in healthcare "has exploded in the last decade" and this growth of monopoly power has led to higher costs for patients, in addition to enabling all sorts of bad behavior by profit-seeking private-equity-owned firms.<sup>212</sup> Two PE-owned firms - TeamHealth (owned by Blackstone) and Envision Healthcare (owned by K.K.R.) - now control roughly one-third of the nationwide market for the outsourced doctors that hospitals need for emergencies or for out-of-house specializations. This huge market share has allowed the private equity owners to make massive profits through surprise billing, price gouging, and other underhanded techniques.<sup>213</sup>

However, private equity's impact on healthcare might be most obvious and pernicious in the case of hospitals. This was dramatically illustrated in the mid-pandemic closing of the Hahnemann University Hospital in Philadelphia as critics suspect that the PE firm responsible was more interested in the land beneath the facility than the hospital itself.<sup>214</sup> In this interpretation, an essential community resource was reduced to its value as real estate. There are many more examples of private equity firms buying hospitals just to close them, or cutting costs and loading them with so much debt that care delivery becomes impossible. All this is possible - and even encouraged - when private equity is allowed to elevate short-term profit over human life.<sup>215</sup>

Prospect Medical Holdings, owned since 2010

by the Los Angeles-based private equity firm Leonard Green, demonstrates well how these strategies lead to both terrible outcomes for patients and communities alongside massive payouts for the private equity owners. Prospect's expansion from just five hospitals in California to seventeen nationwide has wreaked havoc on both patients and workers: according to researcher Rosemary Batt, acquisitions tend to be of "safety-net hospitals that are serving the poor, the unemployed, [and] disproportionately people of color."<sup>216</sup> In San Antonio, Texas, for example, Prospect acquired a local healthcare chain with five hospitals; by 2019, due to Prospect's mismanagement, the hospitals were losing money and were subsequently shut down, with Prospect laying off nearly 1,000 employees.<sup>217</sup> <sup>218</sup> The real estate was subsequently sold to a hotel developer.<sup>219</sup> In Rhode Island, Prospect purchased two hospitals and immediately gutted pensions for thousands of employees.<sup>220</sup> Moreover, Rhode Island's Attorney General approved these 2013 acquisitions after receiving assurances from Prospect that the firm would not pay out dividends to its owners. Just four years later, Prospect paid \$457 million such dividends, even as the firm as a whole generated a \$244 million net loss.<sup>221</sup> Prospect's ownership has collected at least \$658 million in fees and dividends on their initial 2010 investment of just \$205 million.<sup>222</sup> <sup>223</sup>

Conditions have deteriorated during the Covid-19 pandemic as the impacts of Prospect's systematic cost-cutting have been magnified, putting both employees and patients in mortal danger. Prospect's New Jersey hospital is home to the first emergency room doctor to die of Covid-19

in the United States, who reused the same mask for four days out of necessity.<sup>224</sup> In one of its Rhode Island hospitals, poor practices resulted in the deaths of six elderly psychiatric patients and the head of the psychiatric department.<sup>225</sup> In Prospect's flagship hospital in Culver City, an elevator has been out of order for 10 months, the ceilings leak when it rains, mold is bursting through walls, and nurses had to wear plastic garbage bags due to a lack of PPE, and claims of fraudulent Medicare billing have hit the media.<sup>226</sup> Nonetheless, in 2020 Prospect received \$375 million in federal Covid-19 relief funds.<sup>227</sup>

We should expect private equity firms to have an even greater impact on our healthcare systems in a post-Covid-19 world. An analysis by PE firm Bain Capital estimates that private equity deal volume in healthcare increased by 21% in 2020, despite a global decline of 14% for private equity activity overall.<sup>228</sup> Bain notes that healthcare companies "continue to enjoy favorable underlying trends," such as "an aging population" and "rising incidence of chronic illness."<sup>229</sup> A separate analysis of nearly 75 discussions with private equity investors during the spring of 2020 summarized the situation as follows: "If anything, the pandemic reaffirmed that health care is an industry that is critical and should remain an active focus for future investment."<sup>230</sup>

Moreover, big private equity firms have perhaps never been so well positioned to consolidate control of healthcare markets. Many smaller health systems have struggled to survive the pandemic, which means "[v]ulnerable hospitals may look to private equity for immediate access to resources."<sup>231</sup> Globally, private equity firms

are sitting on \$2.5 trillion in "dry powder"<sup>232</sup> - unspent cash just waiting to be invested. Federal Covid-19 relief money may only be making the situation worse; an analysis by Bloomberg News from September 2020 found that major private-equity-owned healthcare systems had received \$2.5 billion in federal aid.<sup>233</sup> Experts across the country are raising the alarm that federal funds, lacking restrictions on mergers and acquisitions, are bolstering the ability of the big firms - private-equity-owned and otherwise - to expand their empires by gobbling up smaller ones.<sup>234</sup>

non-profit ones. The closing of Olympia Medical Center in the Mid-Wilshire neighborhood of Los Angeles shows how for-profit ownership, even if not supercharged by the structure of private equity, can lead to disastrous outcomes.

Olympia Medical Center had been operating for almost 75 years before its owners, Alecto Healthcare Services, decided to shut it down in the middle of the pandemic. Only three months' notice was given to both its 45 workers and the impoverished community it serves.<sup>235</sup> While 41% of patients at Cedars-Sinai hospital, 2 miles away from Olympia, have private health insurance, only 4% of patients at Olympia did. Here, 90% of the patients were covered by Medicare or Medi-Cal, 63% were over the age of 60, and 40% were Black.<sup>236</sup> The hospital was indispensable during the worst of the pandemic, treating roughly three dozen Covid-19 patients when the closure was announced in the first week of January 2021.<sup>237</sup> As a CNA nurse stated at the time, "If we close, it's going to overwhelm all the surrounding hospitals that are already struggling to care for all these patients. The E.R.s are full. There is not enough staff. The quality and timeliness of care is going to diminish. Olympia needs to stay open."<sup>238</sup>

## Beyond Private Equity: Profits Trump Communities

Private equity is a particularly bad actor in the healthcare scene. However, the danger of a reckless profit motive extends far beyond the PE ownership model. Our work with the California Nurses Association (CNA) pushed us to more broadly interrogate the role of for-profit firms, and, as will be explored more below, even

None of this mattered to Olympia's for-profit owners; at a virtual hearing convened by the Los Angeles County Emergency Medical Services Commission, a representative from Alecto claimed that Olympia was not busy enough to justify staying open.<sup>239</sup> <sup>240</sup> The decision was made even as Alecto received \$27.6 million in Covid-19

stimulus funds and advanced Medicare payments specifically for Olympia, and nearly \$73 million in total for Alecto's hospital chain as a whole.<sup>243</sup> Moreover, because of the hospital's for-profit ownership, there was essentially nothing the state or local governments could do to stop its sale and closure. California law gives its Attorney General some degree of power over sales and closures of non-profit-owned hospitals, but no such control exists for for-profit-owned ones. Public efforts toward creating such control were met with "vehement opposition from private equity groups and hospital associations."<sup>244</sup> For-profit owners have the ability to completely shut down their hospitals on a whim, despite the crucial care provided to the community and the life-sustaining wages for hundreds of employees.

In the last five years, the percentage of hospitals in California owned by private investors increased from 30% to 35%.<sup>245</sup> The pandemic has made hospitals more vulnerable to private buyers. Ultimately, the closing of Olympia is just one example of a broader epidemic of greed that has afflicted healthcare in the United States for decades. As Bonnie Castillo, the Executive Director of National Nurses United (N.N.U.), put it: "This heartless decision to close Olympia when the hospital is most needed is a clear demonstration of what is wrong with corporate health care, which always prioritizes profits over public health and patients."

## Nonprofits Chase Profits While Workers' Struggle

### Below

Health care is, far too often, simply not considered a public good, but a means to deliver returns. Profit is far too often the common denominator in its provision and would be a mistake not to discuss how often non-profit structures mimic for-profit ones. Two illustrative non-profit case studies emerged in our research, UCLA Medical Center in Westwood and Providence Saint John's Health Center in Santa Monica. Nurses at both of these hospitals were forced to deal with management that, even during the deadliest pandemic in

generations, seemed to relentlessly prioritize cost-cutting, refused to provide proper PPE, and attempted to take advantage of the pandemic to cut staffing and nurse-to-patient ratios - that is, until the workers fought back through their union. The recent events at both UCLA and Saint John's, in addition to the statewide changes in legislation the CNA has been able to win both during Covid-19 and in years prior, reveal that workers and communities are indeed powerful when organized.

Nurses at UCLA began organizing before the Covid-19 virus arrived in the United States. They pressed the hospital administrators on what their plans were regarding issues such as PPE, safe staffing levels, contract tracing, and the expected influx of patients. Management, alarmingly, was not ready.<sup>246</sup> By March 11, 2020, CNA nurses at UCLA and across California held a day of action to demand what they needed.<sup>247</sup> By March 30, they had won some improvements, especially around PPE "We were lucky we acted quickly and

stood firm," said one of the nurses involved.<sup>248</sup> Soon, however, Covid-19 cases spread, and it became clear they needed far more from the hospital. Rather than being given a proper supply of N95 respirator masks - necessary for an airborne pathogen like Covid-19 - management forced nurses to reuse less protective masks and tried to compensate with routine sterilization. Such masks break down under repeated wear, creating dangerous situations for the nurses. "Managers would harass you if you had N95 masks," a UCLA nurse recounted. Fortunately, the workers fought back, and received crucial support from the community. "When [management] started seeing an outpouring [of support] from the public, people dropping off boxes of masks, construction workers dropping off industrial N95s ... they finally started to provide us with N95 masks."<sup>249</sup>

Nurses also fought for and won access to temporary housing so that workers would have a place to stay where they would not spread the virus to their families.<sup>250</sup> However, contact tracing and testing continued to be an issue throughout 2020, especially after an outbreak of Covid-19 among employees. Workers were not notified by management when they were in contact with others who were carrying the virus, and UCLA refused to put adequate resources towards Covid-19 tests for nurses. At a November 2020 protest, CNA member Marcia Santini pointed out that unlike the dire abandonment of the healthcare staff, "UCLA has implemented an aggressive testing program for athletes, including the daily rapid testing for the football team."<sup>251</sup> The demand was not for UCLA to ignore athletes, but to treat their frontline nurses with the same

degree of respect and care.<sup>252</sup> Two weeks later, on November 23, UCLA nurses organized a vigil to express their concern about the safety of both patients and workers. UCLA had instituted a hiring freeze, resulting in unsafe staffing levels - especially in situations where nurses felt compelled to quit without available replacements. The situation escalated in December and January, as UCLA management applied for a waiver from the state in order to circumvent mandated nurse-to-patient ratios. UCLA nurses fought back, even calling security to escort them out of the building.<sup>253</sup> Two days later, workers organized a protest outside the hospital and four more workers were suspended.<sup>254</sup> Three more nurses were suspended two days after that, bringing the total to ten.<sup>255</sup> These nurses had effectively engaged in work stoppages, refusing to labor under conditions that were unsafe for both them and patients. "We told them we wanted to fight for the safety of ourselves as caregivers, and we're within our rights to ask for this," said a suspended nurse in an interview.<sup>256</sup> The nurses were in constant communication with their union representative, and while the CNA did not directly encourage these work stoppages, they did reassure the workers that they are indeed entitled to a safe workplace.<sup>257</sup>

Asked to reflect on why a non-profit institution like UCLA would act in such a similar way to for-profit hospitals, one of the nurses responded: "They're always trying to cut costs, but that's business, right?" The union proved essential. "The nurses are the union," she continued. "If we didn't have the union, I can't even imagine what life would be like. ... It's not just for salaries, it's working conditions, discipline, they can't just fire you on a whim. There's so many checks and balances the union brings. The union has been so instrumental in getting us where we are today. I can't even imagine working at a hospital without a union."<sup>258</sup>

A similar situation occurred at Saint John's Health Center in Santa Monica, with an even harsher response from management and even greater community and worker resistance. Like UCLA, nurses were preemptively pressing management on their plans for the pandemic, and organized several protests, large and small, during the

month of March 2020. The main concern was that nurses, unlike doctors, were not given N95s. Management wanted them to reuse and re-sterilize their inferior masks. Moreover, multiple nurses had already contracted Covid-19 by the end of March.<sup>259</sup> Tensions began to escalate on April 9 when a group of nurses confronted management about the lack of N95 masks. Management suspended three nurses in response, even calling security to escort them out of the building.<sup>260</sup> Two days later, workers organized a protest outside the hospital and four more workers were suspended.<sup>261</sup> Three more nurses were suspended two days after that, bringing the total to ten.<sup>262</sup> These nurses had effectively engaged in work stoppages, refusing to labor under conditions that were unsafe for both them and patients. "When people heard about how we were treating us nurses, and they understand that nurses are the backbone of the community ... they demanded to know, 'how could you do this to the nurses?'"<sup>263</sup>

Despite this early victory in April of 2020, the struggle for safe working conditions would continue throughout the pandemic. Like the nurses at UCLA, those at Saint John's Health Center have had to constantly fight against management that was trying to take advantage of the pandemic.<sup>264</sup> The situation at Saint John's provides a dramatic example of how ostensibly non-profit firms still chase profits. Providence Health Systems also effectively operates as a massive investment firm, "in some ways resembling a Silicon Valley powerhouse as much as a health care company," according to the New York Times.<sup>265</sup> Providence has nearly \$12 billion in cash reserves, which it invests in hedge funds, real estate, and private equity ventures. In 2018 its chief executive was paid \$10 million, in 2019 it generated \$1.3 billion in profits,<sup>266</sup> and throughout the pandemic it has received nearly \$1 billion in federal aid, allowing it to expand its hospital holdings in California.<sup>267</sup> On top of all this, its non-profit status means it pays no federal taxes on its

earnings.<sup>269</sup> Providence clearly has plenty of resources to ensure a safe, decent workplace for all its employees, but its relentless drive for profits means nurses will only get what they deserve if they demand it.

Finally, one should not ignore how nurses across California have struggled in the legislative arena, fighting back against employers by bypassing them entirely and forcing regulatory changes that ensure better working and patient conditions.

CNA secured a major victory during the pandemic when in September 2020, California Governor Gavin Newsom - hardly a champion of progressive or pro-worker policies - signed into law AB 2537, which requires hospitals and healthcare systems to maintain a stockpile of unused PPE equal to at least three months of normal supply.<sup>270</sup> CNA was the sponsor of the legislation, which was opposed by powerful private interest groups like the California Association Of Hospitals And Health Systems and the Valley Industry & Commerce Association.<sup>271</sup> Such a win was surely only possible due to CNA's intense lobbying efforts - the union sponsored the bill - combined with the grassroots protest actions by nurses fighting at their workplaces across the state. Moreover, the safe-staffing legislation referenced at various points above, which mandates minimum nurse-to-patient ratios, has almost certainly saved lives during the Covid-19 pandemic, and is similarly the result of a legislative effort by CNA from over 20 years ago. Thanks to CNA's efforts in the 1990s to pass A.B. 394, California is the only state in the country with this type of safe-staffing legislation.<sup>272</sup> Staffing has been a major problem during the pandemic

for nurses across the country, and while we do not have numbers on the impact of this law during Covid-19, previous studies have shown that it has resulted in fewer patient deaths and greater worker retention and satisfaction.<sup>273</sup> California did

for a period allow employers to receive waivers to get around these rules, but, as the UCLA nurses demonstrated, workers have been able to prevent hospitals from doing so, protecting both themselves and patients.

Certainly, major problems remain with our privatized, for-profit health systems. For one, a significant amount of healthcare employers aren't represented by a union. Continuing to unionize worksites is therefore one solution, as nonunion workers had median weekly earnings that were 84 percent of earnings for workers who were union members.<sup>274</sup> For CNA, one of the foremost solutions is greater public control over healthcare, and during the pandemic they have continued to pressure elected officials in California - where there is a Democratic governor and Democratic super-majorities in both legislative chambers - to pass "Medicare for All-style health care," or "CalCare," in the form of A.B. 1400.<sup>275</sup> "Now is the time for our state legislators to step up and care for the people of this great state," the union declared in April of 2021. "Moving to pass CalCare is the right, moral thing to do, and nurses and our allies will never stop organizing the mass, grassroots movement we know it will take to make guaranteed health care a reality."<sup>276</sup>

# CARES Act: The 2nd Major Government Bailout in a Generation

The Covid-19 pandemic and resulting stay-at-home orders caused widespread and enduring disruptions to the U.S. economy. Congress enacted numerous policies to provide relief to the public health and economic crisis through the Coronavirus Aid, Relief, and Economic Security

(CARES) Act. The Legislature approved \$5.93 trillion in Pandemic relief; \$3.84 trillion has been disbursed as of June 2021.

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**Figure 6. CARES Act Committed/Dispersed Funds Summary \*** <sup>277</sup>

**1. Congressional Programs: \$4.2 trillion (allowed up to \$5.9t)\***

- Paycheck Protection Program (PPP): \$792 billion
- Smaller Business Support: \$245 billion
  - Economic Injury Disaster Loans, Grants for Restaurants & Shuttered Venues
- Individual & Family Support: \$1.5 trillion
  - Expanded Unemployment & Stimulus Checks
- Public Agency Support: \$782 billion
  - States & smaller jurisdictions, schools, transit, public healthcare, Community Development Block Grants, disaster support

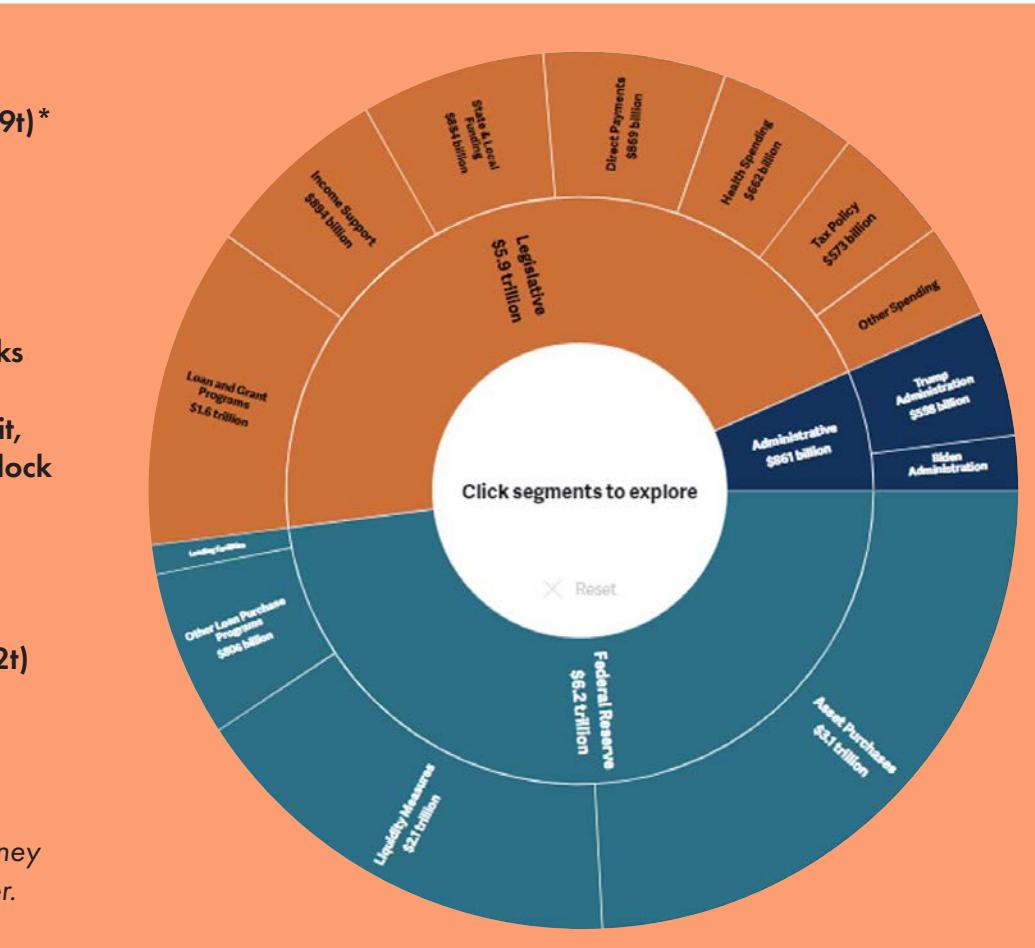
**2. Loosened Tax Policies: \$333 billion**

**3. Federal Reserve Actions: \$3.2 trillion (allowed up to \$6.2t)**

- Emergency Lending Facilities: \$99.9 billion
- Liquidity Measures \$678 million
- Asset Purchases \$3.05 billion

**\*Committed/Disbursed funds as of June 1, 2021**

Source: Committee for a Responsible Federal Budget. "Covid Money Tracker." Updated June 1, 2021. <https://www.covidmoneytracker.org/>



The Federal Reserve's (Fed) response significantly mirrored emergency lending programs first enacted after the 2008 financial crisis, with some notable additions. While the Fed's bailout through CARES responded to an exogenous crisis - a global pandemic - the Fed deployed hundreds of billions in assistance to entities that it does not directly regulate. After the Fed announced its emergency relief programs in late March, the Dow Jones Industrial Average not only rebounded, but achieved an all-time record peak in April 2020. While capital and corporations enjoyed this peak, workers fell into crisis; that same month, the U.S. unemployment rate surged to 14.8%. As the second federal government bailout in a generation, for whom does CARES care for?

#### "How the Fed Works"

As the Central Bank of the United States, the Federal Reserve is

- The Bank of banks, and;
- The bank of the U.S. Government.

The Fed is charged with managing the nation's money and overall economy. Although it has many tools at its disposal, the Fed carries out its congressional mandate through two primary responsibilities:

- Monetary Policy
  - Maintaining stable prices, i.e. controlling inflation
  - Ensuring maximum employment and production output
- Lender of Last Resort during times of economic crisis

## The Fed and the 2008 Financial Crisis

To provide a very brief financial crisis refresh: A housing market bubble - caused by systemic fraud committed by most major U.S. banks - burst and tanked the U.S. economy, nearly bringing the global financial system down with it.

The Federal Reserve made banks whole for their bad debts with the Troubled Asset Relief Program (T.A.R.P.) and introduced a new crisis-response tool called Quantitative Easing (Q.E.). Perhaps a deliberately opaque term, Q.E. is a process by which a central bank increases its monetary supply ("prints money") to purchase securities (anything from mortgages to government debt) from banks and the open market.<sup>278</sup> The goal of Q.E. policy is to increase the availability of credit

and stimulate overall economic growth.<sup>279</sup>

Theoretically speaking, anyway. In practice, the government assistance merely shored up the fortunes of big banks. There were no loan-deployment benchmarks or requirements; there was no meaningful oversight; there was no accountability for compliance failures.<sup>280</sup> Ultimately, this public money enriched private banks while economic inequality in the U.S. widened into a ravine between the top 1% of earners and everyone else. Better described as "Non-Stimulus Stimulus," a 2017 report by the Federal Reserve Bank of St. Louis found that banks held on to much of the Q.E. money as reserves, up to \$2.7 trillion pre-Covid.<sup>281</sup>

#### Figure 7. How loans "create" more money

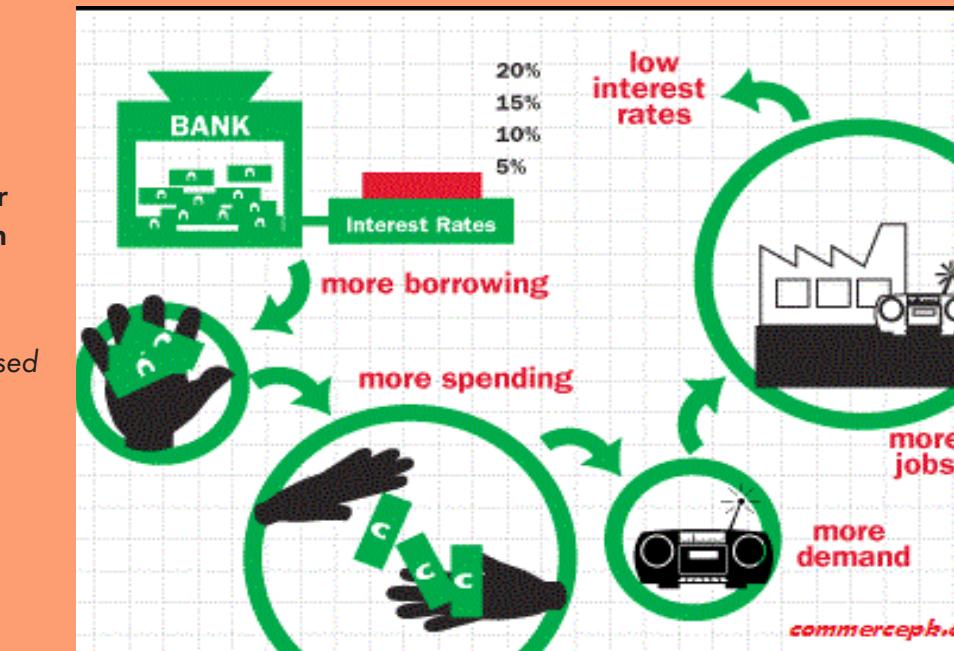
When loans are made, people and businesses spend money on goods and services, which creates income for the goods/services providers that they can then spend, and so on. Lower interest rates means that it's cheaper to borrow money, which stimulates demand for loans. In addition, if banks have more money in reserves, they are able to make more loans.

Source: How Stuff Works. "How the Federal Reserve Works." Accessed May 31, 2021. <https://money.howstuffworks.com/fed10.htm>

#### Figure 8. 2009-2019: A Decade of Distorted Growth

##### TIMELINE

- Late 2007: Financial Crisis Begins
- December 2007 - June 2009: The Great Recession
  - Mean household wealth +9%
  - Median household wealth -19%
  - Average wealth growth:
    - White HH: +15%
    - Black HH: -14%
    - Hispanic HH: -28%
  - Wealthier households had the strongest recoveries of wealth
    - Top 1% of HHs with White heads of families +26%
    - Bottom 50% of White households only recovered 83% of pre-Great Recession wealth peak
  - U.S. Average net worth declined for every level of education
  - Year-over-year nominal wage growth for private employees +0.3%
- 2008-2014: Federal Reserve quantitative easing program<sup>282</sup>
- 2009:
  - March 5: Dow Jones Recession Low 6,926
  - Average corporate debt to income ratio: \$2 : \$1<sup>283</sup>
- 2007-2019:<sup>284 285</sup>
  - The Federal Reserve's 2019 Survey of Consumer Finances found that most households entered the Covid recession in worse financial condition than the Great Recession
- 2020:
  - March 4: Pre-Covid Dow Jones high 27,000 points
  - Average corporate debt to income ratio: \$3 : \$1<sup>286</sup>
  - June: U.S. Poverty Rate: 9.3%<sup>287</sup>
  - November: U.S. Poverty Rate: 11.7%
  - November 16: Dow Jones breaks pre-Covid high 29,950 points
  - December 18: Fed approves banks to conduct stock buybacks in 2021<sup>288</sup>



# Covid-19, the CARES Act, and Corporate Profiteering

The Federal Reserve's emergency response to the pandemic replicated many measures instituted in response to the 2008 financial crisis, including purchasing mortgage-backed securities (\$894 billion as of June 1, 2021), repo operation liquidity measures, and temporary lending programs ("facilities") to "ensure the flow of credit to various parts of the economy affected by the Covid-19 pandemic." <sup>289</sup> <sup>290</sup> <sup>291</sup>

# Emergency Lending Facilities

The Federal Reserve also authorized many of

**Table 5. Operationalized Federal Reserve Emergency Lending Facilities.**

Emergency Lending Program	Funding Target	Treasury Support	Capacity	
<b>Term Asset-Backed Securities Loan Facility (TALF)</b>	Issuers of securities backed by consumer and small-business loans	\$10 billion	Up to \$100 billion	The most recent emergency is unprecedented corporate debt purchasing in its Secondary (SMCCF), further \$10 billion was in the Department of the debt from the
<b>Main Street Lending Program</b>	Small- and mid-sized businesses	\$75 billion	Up to \$600 billion	
<b>Secondary Market Corporate Credit Facilities (SMCCF)</b>	Outstanding corporate bonds, bond ETFs, and market index corporate bond portfolios	\$75 billion	Up to \$750 billion	
<b>Paycheck Protection Program Liquidity Facility</b>	Paycheck Protection Program lenders	--	Limited by PPP size	The Fed began to maintain investment market (stocks) to prevent a financial crisis throughout the
<b>Municipal Liquidity Facility</b>	U.S. states, localities, and other designated political entities	\$35 billion	Up to \$500 billion	

the emergency lending facilities instituted in 2008, although only the Term Asset-Backed Securities Facility (T.A.L.F.) was operationalized, developed four new programs.<sup>292</sup> The emergency lending strategy in this crisis period also reflected that at least a few lessons were learned from gaps in 2008. Lending facilities were carved out for direct aid to “main street” businesses and for the municipal bond market. Conditions attached to funds going to small- and medium-sized businesses via the Main Street Lending Program (M.S.L.P.) are clearly defined: funds must be used to help companies retain their workforce, and they may not outsource jobs or move them offshore. Dividends or stock buybacks are prohibited. And, notably, companies must remain neutral during union drives and honor collective bargaining agreements.<sup>293</sup>

However, the enforcement of the “no strikes or lockouts” and “no faith certification” terms of these programs, and the “no job losses” and “no endeavor” to ensure that the economy does not get worse -- the M.S.L.P. and CARES programs, among others -- are not well defined. Corporations can get away with not paying money from the federal programs if they do not have a particular obligation to do so. Moreover, banks can charge economic rents because of the implicit guarantee for facilitating these programs.<sup>294</sup>

ment mechanism is weak. need to produce a "good t they have complied with treasury Secretary "shall enforcement.<sup>294</sup> What's s the only program with . In all other Federal Reserve ncial intermediaries and what is essentially free al government without any towards their employees. d to gain billions in d Q.E. measures from fees anctions and interest.<sup>295</sup>

## What is Corporate Credit?

ment of the Fed's  
was its completely  
to directly purchase  
020, the Fed began  
porate bonds through  
porate Credit Facility  
h the CARES Act. \$75  
ited from the Treasury  
\$750 billion in corporate  
et.<sup>297</sup>

g corporate bonds to  
nce in the secondary  
her securities) to  
ggregate flow of credit  
which, at scale, can  
am administrators

d an index reflective of the relative  
each sector of the economy to the  
y market as a whole and used this  
select bonds for purchase.<sup>298</sup> Other  
criteria stipulated that the company must  
in the U.S., or have a majority of its  
es in the U.S., bonds must be BBB- rated  
bove junk-rated) or higher, and issuers  
fy a vaguely defined conflicts of interest  
ent.<sup>299</sup>

law includes language to prevent stock splits, paying dividends to shareholders, and rules on executive compensation, substantial changes exist. For example, the Treasury

can waive any of the conditions if it is necessary to "protect the interests of the government."<sup>300</sup> Independent oversight is provided by a 5-member congressional panel and a general, which largely replicates the oversight of the 2008 bailout -- it can have subpoena power, independent enforcement authority, and cannot police itself with worker-aid conditions.<sup>301 302</sup> Additionally, the SMCCF includes a so-called "fallen angel" provision - firms that were downgraded to junk ratings after the onset of the pandemic were deemed eligible for Fed programs, including those who previously had the lowest investment grade before junk status (BBB-).<sup>305</sup> Meanwhile, a trend in corporate finance over the last decade, particularly in the management and private equity firms,

g to a September 2020 staff analysis of the U.S. House of Representatives Select Committee on the Coronavirus Crisis, the bank-managed SMCCF lacks accountability and transparency and is not included in other CARES Act-funded programs.<sup>303</sup> “In particular, the facility imposes restrictions requiring companies to save jobs and make payments to executives or shareholders before eligible issuers of bonds purchased can be paid off.”<sup>304</sup> Staff analyzed the Fed’s most recent quarterly reports on the disclosures of its bond purchases and found that the transactions to public data on

layoffs, dividend payouts, and legal violations. The committee found that the Fed bought bonds issued by:

- Companies that laid off a total of m one million workers since March 2020
- 383 companies that paid dividends to shareholders during the pandemic
- 227 companies accused of illegal practices since 2017
- A disproportional investment in fossil fuel companies, which account for 11% of the Fed's bond purchases but employ just 10% of workers in the S&P 1500

# In Consideration of Workers, Families and Communities

The CARES Act, especially on the heels of 2008, affirms that institutional frameworks utilized to route capital flows are unequipped to deploy resources to small businesses and working people. The Small Business Administration (SBA), responsible for managing the Paycheck Protection Program (PPP), is immensely under-resourced compared to the Fed, despite the fact that small businesses have long accounted for nearly 50% of the U.S. economy and will face the brunt of absolute pandemic-induced closures.<sup>310</sup> Standard business lending criteria are often almost exclusively applicable to mid, especially large, sized businesses (e.g. credit rating as the primary proxy for risk). The Fed's liquidity injections into the secondary market provided immediate stability, but only to corporations with the scale (and trusts and individuals with the wealth) to participate in the stock and bond market.

Yet, although PPP was intended for small businesses (500 or fewer employees), data from the SBA's first round of funds distribution show that "about 600 mostly larger companies, including dozens of national chains, received the maximum allowed...of \$10 million," while just 28% of the money was distributed in amounts less than \$150,000.<sup>311</sup> Indeed, the program's fee structure for distributing loans remained internalized to the underwriting bank, with the SBA and Treasury assuming regulatory duties only. As a result, banks were incentivized to deploy larger loans to generate larger fees, which "advantaged big

**Table 6. The Power of Leverage**

**The Fed has the power to leverage seed money up to 10 times the initial amount through its power to create money. In reality, \$425b can capitalize up to \$4.25t leveraged lending facilities.**

CARES Unleveraged		CARES Leveraged	
Paycheck Protection Program	\$835 billion	Paycheck Protection Program	\$835 billion
Federal Reserve Programs	\$425 billion	Federal Reserve Programs	\$4.25 trillion
CARES Total	\$2 trillion	Total	\$5.75 trillion

Source: Federal Reserve Bank of St. Louis. "Quantitative Easing: How Well Does This Tool Work." Accessed May 12, 2021. <https://www.stlouisfed.org/publications/regional-economist/third-quarter-2017/quantitative-easing-how-well-does-this-tool-work>

**...the scope and scale of federal support made available to banks, corporations, and their shareholders irrefutably dwarfs investments and protections for workers, families, and communities. The pandemic profiteers already possess the scale and resources to access other capital sources before rescue by the nation's lender of last resort, unlike millions of small businesses.**

businesses over small and exacerbated long-standing disparities in access to credit and capital for underbanked communities" and businesses of color.<sup>312</sup> Moreover, in analyzing PPP loan data, we found that 656 portfolio management companies filed for PPP funds and received \$310 million in public assistance. This averages to roughly \$16,600 per employee, 61% higher than the national average PPP payout of \$10,268 per employee.

Aspects of the Fed's intervention have good basis - a large seizure in the availability of credit for a prolonged period of time may have very well caused much larger, and especially permanent, job losses. And, unlike 2008, Congress acted to implement and expand a number of safety net programs for citizens and municipalities. Nevertheless, the scope and scale of federal

support made available to banks, corporations, and their shareholders irrefutably dwarfs investments and protections for workers, families, and communities. The pandemic profiteers already possess the scale and resources to access other capital sources before rescue by the nation's lender of last resort, unlike millions of small businesses. And, while the Federal Reserve only has the legal purview to mandate employee-protections in its direct-loan programs, Congress writes the rules that make it so. Congress, too, allowed profiteers' access to the only truly small business-serving financial aid (PPP) and permitted banks to cannibalize the process.<sup>313</sup>

What might have happened to the U.S. economy at the onset of the Covid-19 pandemic had the Fed not cast a multi-trillion dollar safety net to financial and corporate America? Just over a decade stands between two severe global shocks, with an interim "recovery" of staggering stock market growth fueled by cheap money from the Fed, while nominal wage growth and labor's share of corporate income in the private sector never came close to pre-Great Recession levels.<sup>314</sup> Federal corporate welfare is not a new phenomenon, nor is it simply a trend. Ramifications still unfolding, the economic devastation of the Covid-19 pandemic will further entrench and accelerate generalized precarity in the lives of many while "failure is being written out of the capitalist bargain" for few. Moral hazard has been fully realized; the Federal Reserve is market-making, endowing select major banks, corporations, and their shareholders with monopolistic privileges to the detriment of the majority.

**Figure 9. Secondary Market Corporate Credit Facility Findings**

Within the CARES Act, the Federal Reserve System set up a number of emergency lending programs—known as facilities—to ensure the flow of credit to various parts of the economy affected by the Covid-19 pandemic. In one of these emergency lending programs, the Secondary Market Corporate Credit Facility (SMCCF), the Fed made the unprecedented decision to directly purchase corporate debt - 500 companies from the S&P 1500 had bonds purchased through the program. The following is an account of the corporation behavior rewarded and/or facilitated by this program.

### I. 1 million furloughs or layoffs since March 2020

Of the approximately 500 companies that issued bonds purchased by the Fed, 140 companies conducted furloughs or layoffs, affecting roughly 1,001,000 workers.

- Boeing: Rejected CARES Act loan, which would impose job retention requirement, limitations on executive pay, and shareholder payout restrictions. Instead, it issued a massive corporate bond offering and laid off 10% of its workforce (about 16,000 employees).
- Tyson Foods: Cited by the Dept. of Labor at least 35 times since 2017 for workplace safety and health violations and at least 5 environmental violations from the EPA. Covid-19 outbreaks in their facilities have led to the deaths of 24 employees and over 7,000 infections.
- Schlumberger Ltd.: world's largest oil-field service company. Cut one-fifth of its workforce in July (about 21,000 jobs), after the Fed started purchasing their bonds in June.

### IV. Disproportionate investment in fossil fuel companies

11% of the Fed's bond purchases are from the energy sector, which exclusively contains oil,

### II. 383 companies have paid dividends to shareholders since April 1, 2020.

95 of these companies issued dividends while also conducting layoffs.

- Sysco Corp: laid off roughly of workforce one month before paying out dividends
- Caterpillar: \$500 million dividend distribution to shareholders announced two weeks after furlough announcement
- Stanley Black & Decker: \$106 million in dividends two weeks after significant layoff and furlough announcement

### III. 227 companies accused of violating the law since 2017

Almost half of the companies whose bonds were purchased by the Fed have been accused of illegal conduct since 2017. Violations include workplace safety, environmental standards, and defrauding the government.

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- Tyson Foods: Cited by the Dept. of Labor at least 35 times since 2017 for workplace safety and health violations and at least 5 environmental violations from the EPA. Covid-19 outbreaks in their facilities have led to the deaths of 24 employees and over 7,000 infections.
- Schlumberger Ltd.: world's largest oil-field service company. Cut one-fifth of its workforce in July (about 21,000 jobs), after the Fed started purchasing their bonds in June.

7 of the Fortune 500 companies are Federal contractors, and 5 out of 7 received Covid-19 relief contracts worth \$19.3 million in 2020.

- **McKesson Corp.**
  - Largest U.S. drug distributor
  - Paid big penalties for opioid epidemic
  - \$7.7 million in bonds purchased
- **FedEx** - \$16.5 million
- **Chevron** - \$23.8 million

gas, and coal companies, "even though fossil fuel firms only employ 2% of all workers among the S&P 1500 stock market index." In addition to the ethical issues of the bond purchase, investment in this sector is also a risky investment given the longer-term declines in this sector.

**V. An analysis of Federal Reserve data on corporate bond purchases from March 23 - November 24, 2020 found that \$58.9 million in corporate bonds was issued by 44 Fortune 500 companies that had an effective tax rate of 0% or less in 2018.<sup>315</sup> Bond purchases from these companies accounted for 11% of total SMCCF purchases.**

- **Amazon**
  - 1.2% effective tax rate in 2018
  - Valued at \$1 trillion in 2020
  - \$20 million in corporate bonds purchased by the Fed

- **IBM**
  - 68.4% effective tax rate in 2018
  - Valued at \$112 billion in 2020
  - \$50.3 million in corporate bonds purchased by the Fed

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# Public Funding for Community Power

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# Introduction

California's public education system underwent enormous upheaval as schools moved online in March 2020. In response to the Covid-19 pandemic, hundreds of thousands of students and education workers in Los Angeles scrambled to adjust to online learning. Unemployment skyrocketed: Los Angeles County lost 10% of its education jobs between January and September 2020.<sup>1</sup>

This section focuses on public sector education spending in Southern California and the effects of the Covid-19 pandemic. The pandemic has spurred massive government investments, but workers and communities have not always benefited. Here, we profile public spending, especially as it pertains to the education sector across the region and the state. We hope to better understand how workers and communities can build power to control more of these resources and amplify the recent calls for racial and economic justice. Our research highlights regenerative economies that center interdependence, wealth redistribution, and grassroots visions for justice. As the region emerges from the pandemic, public spending will help determine the path of economic recovery. We see community control over public education as key to community well-being and a just recovery.

We begin with the public sector budgets, policies and programs that harm workers and

communities. We then highlight how these funds can build reparative public goods for working families. Our case studies show how our labor partners and their communities are challenging the extractive practices of the serif economy. Finally, we provide recommendations to build worker and community power and how to use public sector spending for reparative public goods.

## Methodologies

Our analysis of public funding leads us to imagine a better use of public resources for building worker and community power. We used a mixed methods approach, though qualitative research made up the bulk of our work. We conducted 17 interviews with union members, students, and local government representatives, completed reviews of relevant literature, and used case studies to illustrate our findings. Our quantitative research was primarily fiscal analyses of state, and local government budgets. Through our analysis of public dollars combined with case study of organizing strategies, grassroots efforts, and stakeholder interviews, we developed recommendations for just transition and strengthening worker and community power.

Research Justice guides our research framework. Research Justice, created by the DataCenter, is a "strategic framework to achieve self-

As the region emerges from the pandemic, public spending will help determine the path of economic recovery. We see community control over public education as key to community well-being and a just recovery.

determination for marginalized communities.”<sup>2</sup> Equal political power and legitimacy for marginalized communities comes through the type of knowledge that shapes this research: cultural and spiritual (i.e. celebrations, funeral rites, etc.), experiential (i.e. day-to-day experiences), and mainstream (i.e. University reports, government documents, etc.). We intentionally incorporated and addressed some of the concerns our partners and other community advocates had. We reference their concerns, visions, and experiences throughout this report.

Using a research justice framework, we use the following methodologies below to investigate the our research questions:

1. How is public funding being spent regressively in ways that harm workers and communities in Southern California?
2. How can public funds and community resources be leveraged in ways that benefit the public good?
3. How can this research inform new organizing strategies emerging from Covid-19 to build union and community power to reallocate public funds for the common good?

We answered these questions specifically with the education sector in mind, and the role public education can play to advocate for reparative goods, and build towards a just transition economy. We divided the following report to address each question per section.

# Regressive Spending in Southern California

Our research profiles how regressive spending harms California’s public education system. While we focus on K-12 education, similar trends persist across the state’s community college system.

Retrogressive spending typically refers to two areas of economic policy: taxation and state funding. In both domains, “retrogressive” refers to mechanisms of funding public goods that burden low-income individuals. Retrogressive taxes, for instance, force low-income individuals to pay a higher share of their income in taxes than the wealthy. We distinguish between funding, how the state allocates funds, and spending, how school districts spend those funds. Our analysis does not focus on retrogressive taxation or funding, but rather how governments spend public funds. We propose to think of retrogressive spending as public sector expenditures that produce inequitable outcomes.<sup>3</sup> This view of public spending arose from interviews with union members and staff, discussions with community partners, and reviews of academic literature. We owe this analysis especially to union and community demands to reallocate public spending away from harm and towards care, such as the People’s Budget LA campaign, the push for Community Schools, and the movement to defund police.<sup>4 5 6</sup>

Before discussing retrogressive spending, we address California’s insufficient funding of public education. The lack of funding, and the retrogressive

ways California funds education, underpins problems in the state’s public education systems.

## Public education funding

Despite recent increases, California funds public education at a lower rate than many states. In 2018, school districts in the state ranked 25th in per-pupil spending, well below that of New York (1st) but above other large states like Texas (41st) and Florida (45th).<sup>7</sup> State funds provide more than half of district revenues. Local funding contributes one-third of revenue, and nine percent is funded federally.<sup>8</sup> The division of funding between federal, state, and local sources can challenge school district budgets, especially during recessions. Decreases in state tax revenue create school funding gaps too large for local governments to make up. This can provide justification for austerity advocates to abandon investments in schools, freeze teacher salaries, or cut services upon which students depend.<sup>9</sup>

This funding division is particularly problematic in California, where Proposition 13 severely constrains revenue raised from property taxes. These property taxes were intentionally funneled into education. The Proposition, passed by California voters in 1978, limits local property tax increases to just 1% annually and prevents increases beyond 2% of a home’s assessed market value, with homes purchased before 1977

pegged to that year’s value.<sup>10</sup> It also gives the state jurisdiction overallocating property taxes locally.<sup>11</sup> Devastating cuts to public education followed Prop 13’s passage. State property tax revenue dropped 60% between 1978 and 1979.<sup>12</sup> California also fell from fifth in per-pupil education expenditures nationwide to 22nd.<sup>13</sup> To make up the difference, the state has come to rely more on income tax revenue, which has increased by 226% since 1977, and sales tax revenue, up 107% (adjusted for inflation). In addition, the restrictions on property tax increases lead to chronically underfunded local governments.<sup>14</sup> Transfers of state funding to local governments alleviate some of the burden, but this reduces local government funding intimately to state revenues. Prop 13 has also contributed to school segregation in California. Districts in wealthier, whiter areas are able to make up the gap in funding via private donations, while schools in BIPOC communities have not been able to make up the loss of property tax revenue.<sup>15</sup> Of course, the Proposition’s passage was racially motivated, and its implementation has achieved many of its original goals. Proposition 98, which established minimum funding levels for schools and community colleges, also helped undo some of the damage from Prop 13, but funding of public education remains a critical issue in California. A 2018 report on the state’s public education system found that the state would need to spend over a third more on education to meet student needs adequately.<sup>16</sup>

The Covid-19 pandemic exposed how dependence on current income and sales tax revenues can harm local school budgets. During the first months of the pandemic, state revenue generated from income and sales taxes fell precipitously. Combined with low property tax revenue due to Prop 13, these deficits at the state level diminished local funds. Since the Proposition gives the state jurisdiction over local property tax allocation, local governments were unable to make up for lost state revenue.<sup>17</sup> Prop 13's devastating impact on school funding exacerbated the economic stress of the pandemic during the 2020-21 school year.

State funding for public education can be unpredictable, and federal support is insufficient to meet the needs of California's students. Our interviewees frequently mentioned the need for increased federal funding for special education programs. With the passage of the Individuals with Disabilities Education Act of 1975, Congress agreed to fund up to 40% of per-pupil expenditures for special needs students. However, federal spending for special education falls short of this mandate, shifting costs onto states and local districts. Federal funds make up just 9% of California's K-12 education budget, and the cost of educating a student with disabilities consistently exceeds that amount provided in federal funds.<sup>18</sup> A 2019 Legislative Analyst's Office analysis showed that of \$13 billion in special education expenditures, federal funds covered just over \$1 billion. While state funding for special education has increased due to implementation of AB 602, local districts regularly allocate general

funds to cover special education needs.<sup>19</sup> This encroachment on general funds means California students—those with special needs or not—receive less than they should under current law.

## Regressive spending

California insufficiently funds public education. But regressive expenditures in public education also harm students, teachers, and their communities. Our analysis reveals four principal areas of regressive education spending: school police, standardized testing, educational technology, and debt servicing fees.

### Police in schools

The issue of police officers in public schools has taken on new urgency this year. In response to the 2020 uprisings over the murders of George Floyd and Breonna Taylor, groups of parents, students, and teachers organized to challenge the presence of police in schools. These coalitions were able to force several school districts to cut contracts with local police forces.<sup>20</sup>

Police presence in schools has substantially disproportionate impacts on Black and brown students. School police are a major factor in the school-to-prison pipeline, the process by which schools use the formal criminal justice system to discipline students. Not surprisingly, adding police to schools dramatically increases arrest rates for children under the age of 15.<sup>21</sup> An analysis of Los Angeles School Police Department (LASPD) data found that one in four arrests made by LASPD

officers were middle schoolers. Police presence has also been shown to reduce test scores for African American girls and Hispanic students and to lower both high school graduation and college enrollment rates.<sup>22 23</sup> Though Black students made up only 8% of the LAUSD population, they accounted for 25% of instances in which LASPD was involved.<sup>24</sup>

While there is ongoing debate around whether police officers in schools make students safer, the evidence in support of school police is scant. Police presence has been correlated with lower violent crime rates, but most of the violent crimes described could not be characterized as instances of life-threatening violence.<sup>25</sup> Moreover, whether students feel safer with police is heavily mediated by race. A survey of California students from eight districts found that only 39% of Black students felt safer with a police officer in school, compared to 61% of white students.<sup>26</sup> For many students, police presence does not make them feel safer at school.

Students, parents, and teachers have successfully challenged the use of police officers in schools. We profile one of these campaigns, LA Students Deserve, in our Case Studies of Community Power for a Just Recovery section.

### Standardized testing

Standardized testing has been the subject of heated debate in K-12 education for decades. Since its national expansion through the No Child Left Behind Act of 2004, testing has become the dominant tool for assessing student learning and

teacher performance in public schools. However, researchers have consistently shown that standardized testing is a harmful and ineffective form of assessment.

Standardized assessments have been criticized for their ability to test neither students' educational progress nor teacher efficacy. Educators and scholars have pointed out the fundamental yet flawed conviction that there is an accurate, objective, standardized way to measure intelligence.<sup>27</sup> Testing can only provide a minimal picture of educator performance as well, and relying too much on testing can demoralize teachers and lead school districts to make poor staffing decisions.<sup>28</sup>

Testing has been linked to the persistent segregation and discrimination in the country's schools. The tool has its roots in eugenics race science, and the impacts of this history are apparent today: a 2014 review of the literature argued that the "intrinsic features" of standardized testing "facilitate segregation and compound inequalities found in schools."<sup>29</sup> Gender also plays a role in student success on test scores. One study found that the format of a test (i.e. multiple choice versus constructed response questions) explains 25% of the differences in scores between male and female students.<sup>30</sup> These problems are compounded for students with special needs, for whom necessary accommodations are not often provided.<sup>31</sup> In a particularly egregious example, a teacher in LA told us about a deaf student who was tested based on listening comprehension. These findings challenge the notion of "standardization" and objective measurement that

undergirds testing nationwide.

Standardized assessments are a small expense for school districts, but the time and bureaucracy required to prepare for, administer, and evaluate tests can be costly. Teachers argue that time spent preparing students for standardized tests interferes with learning.<sup>32</sup> Interviewees cited standardized testing as a particularly regressive expenditure. They noted that conservatives and austerity proponents use low test scores to cut funding for art or music programs in lower-performing schools.

### Educational technology

Expenditures in education technology (ed tech) are a burgeoning area of regressive spending. Ed tech services fall into three general categories: products that support instruction, products that manage student learning, and those used in assessments.<sup>33</sup> A March 2021 analysis pegged national ed tech spending at over \$26 billion annually.<sup>34</sup> The rapid conversion to online learning due to the Covid-19 pandemic certainly amplified this figure.

Outside of the pandemic-induced necessity of online learning, little evidence exists to justify this cost. For one, school districts and local and state governments rarely track these expenses. Researchers can only estimate how much districts spend on ed tech, let alone characterize how the funds are used. The lack of transparency makes assessing the value of ed tech spending challenging.<sup>35</sup> The favorable evidence that exists offers tepid support. A RAND Corporation study

offered qualified support for ed tech products but noted that teachers at schools in their sample dedicated more time to one-on-one instruction and tailored support for student learning, so the impacts of the technology were unclear.<sup>36</sup> Likewise, a 2019 review of the literature noted that when ed tech products correlate with student success, "it is likely because of the teachers and not the technology."<sup>37</sup>

Though evidence of its success is scant, venture capital and education philanthropy have poured hundreds of millions of dollars into ed tech. The Gates Foundation, the Chan-Zuckerberg Initiative (CZI), and Summit Public Schools, a California-based charter school network with its own online platform, have funneled over \$200 million into ed tech ventures in the last decade.<sup>38</sup> CZI contributed over \$14 million alone between 2016 and 2020. It is important to note that CZI is a business, not a philanthropy, and can invest in for-profit ed tech ventures and make political contributions, both of which it has done.<sup>39</sup> These investments have spurred rapid adoption of ed tech, particularly of the Summit Learning Program, which began a partnership with Facebook in 2014 and has since expanded to over 300 schools (from zero before the partnership).<sup>40</sup>

The rapid expansion of ed tech, fueled by venture capital and Silicon Valley foundations, has created an effectively unregulated market for student data. Data brokers, companies that specialize in the collection, marketing, or sale of student data, obtain data directly from students via surveys and questionnaires or indirectly from ed tech platforms and data sales from the firms.

A recent survey of student data brokers indicated that firms could purchase student lists based on ethnicity, affluence, religion, 'awkwardness,' or predicted need for family planning services. Currently, no federal law specifically targets student data privacy, and students and parents often have no way of knowing that their data is being collected, let alone opting out.<sup>41</sup> The industry's opacity dampens regulation and creates challenges for further research.

Despite the need for online educational platforms during the pandemic, school districts spend huge sums of money on services with unclear evidence of efficacy.

### Debt servicing fees

Servicing debt, the costs associated with paying the interest and principal of a district's long-term bonds, also diverts education funding away from student needs. A 2015 study by University of California, Berkeley's Haas Institute found that annual debt service expenditures at six California school districts amounted to over 8.5% of their principal.<sup>42</sup> This regressive use of funds diverts money away from California students to financial services companies, sending desperately needed public money into private hands.

Debt-financing local government expenses is nothing new, but debt service fees can have negative effects on local government budgets. One study found that when local governments increased taxes to service debt, operating expenditures for essential public services decreased.<sup>43</sup> Moreover, debt-financing public

goods can serve as a pretext for austerity measures. After the 2008 financial crisis, austerity proponents advocated for municipal bankruptcy as a way of cutting public services, reducing public employee pay, and nullifying labor union contracts and pension obligations.<sup>44</sup> Debt markets have racially discriminatory effects as well. A 2018 study, for instance, found that Historically Black Colleges and Universities regularly paid higher fees to issue bonds than other higher education institutions.<sup>45</sup>

Debt servicing was expected to cost LAUSD nearly \$1 billion—7% of its budget—in 2020-2021.<sup>46</sup> Every dollar spent servicing debt is a dollar not spent on essential school and community services. Indeed, eliminating this regressive expenditure would enable LAUSD to fund the transformative budget that the Reclaim Our Schools Alliance has called for: reducing class sizes, closing the digital divide, providing college and career readiness programs, summer school, and child care, and hiring more social workers, counselors, and special education support staff.<sup>47</sup>

Regressive public education spending harms students, teachers, and communities across California. Eliminating expenses to school police would disrupt the school-to-prison pipeline, reducing young students' contact with the criminal justice system. Less money spent on ed tech means more for art materials or musical instruments. Reassessing measures of success beyond standardized testing allows for more accurate and fair student and teacher assessments. Eliminating the debt burden on LA's public schools would free

up nearly \$1 billion to spend directly on student learning. These regressive public expenditures could fund reparative public goods for students, workers, and their communities. In our next section, we look at state and local budgets and analyze the challenges and opportunities of the American Rescue Plan Act of 2021 to address regressive spending.

## Budgets Analysis for a Just Recovery

*"Under the leadership of BLM-LA, our fight for a People's Budget has engaged the residents of Los Angeles in a way that has likely never been done before. More people are paying attention than ever, and are willing to hold our politicians' feet to the fire. We have taken local politics by storm and our ideas have reverberated in cities across the country." - LA's People Budget*

California policymakers have touted the state's budget for Fiscal Year (FY) 2021-2022, and its subsequent federal support, as a historical moment to reconsider their priorities. The Governor's Office claims that this is the moment to directly address and alleviate some of the racial and economic inequities taking place in the state.<sup>48</sup> In the wake of George Floyd and Breonna Taylor's murder in 2020, communities across the country rose up to call attention to the white supremacist structural conditions claiming the lives of Black Americans and other communities of color. These uprisings, coupled with the Covid-19 pandemic, spurred the American public to confront city and government budgets and defund the police. These movements argued that governments should allocate public funds to public goods and services. For those reasons, we are looking at the California state budget, the Los Angeles Unified School District budget (LAUSD), and the Los Angeles Community College District budget (LACCD) to better understand how public funds can better serve working families, low-income families, and

communities of color at this historical conjuncture.

FY 2021-2022 of the California state budget sums to \$267.7 billion in state expenditures. The budget includes money allocated to special bond funds, special funds, and general funds, which are typically used for direct spending. California, and its local and county governments, are expected to receive over \$43 billion in combined recovery funds to cover costs incurred between March 3, 2021, and December 31, 2024. Based on the methodology used by the U.S. Treasury, the State of California anticipates receiving \$27 billion, the County of Los Angeles anticipates receiving \$1.9 billion, and the City of Los Angeles anticipates \$1.2 billion from this economic recovery rescue plan.<sup>49</sup> These dollars are critical to the just-recovery process of lifting California's and Angelenos out of difficult economic conditions.

Our analysis of this historical moment considers the latest revisions to the proposed state budget for FY 2021-2022 to understand and highlight impacts to the education sector. Since it takes months to propose, revise and circulate the budget for recommendations to key state departments, we are looking at the latest iteration of the proposed budget, also known as the "May Revisions". These state funds appear promising in their endeavor to address existing inequalities between BIPOC communities and low-income working families and using education as an archetype for those changes. Examples of what

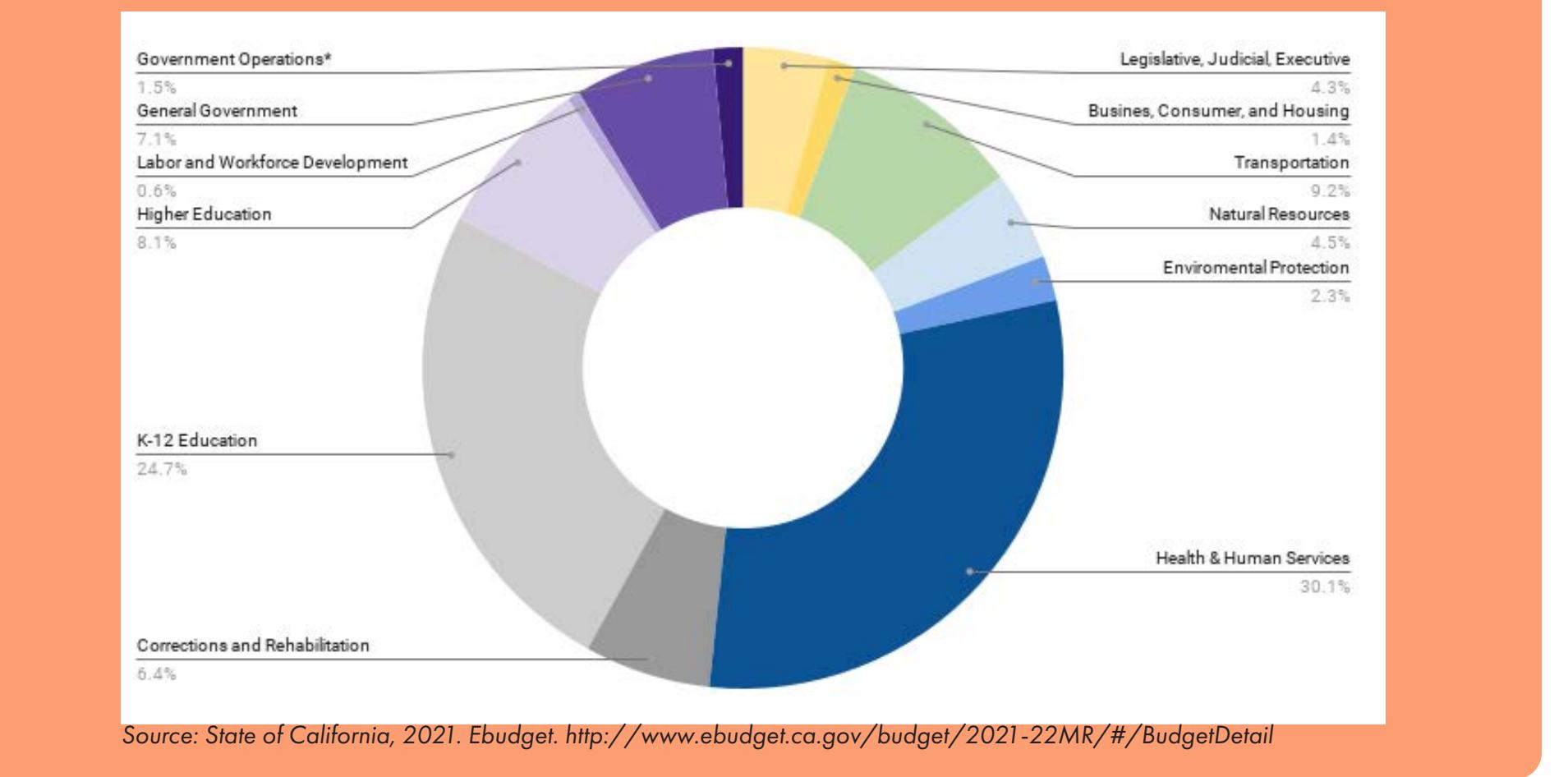
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*Under the leadership of BLM-LA, our fight for a People's Budget has engaged the residents of Los Angeles in a way that has likely never been done before. More people are paying attention than ever, and are willing to hold our politicians' feet to the fire. We have taken local politics by storm and our ideas have reverberated in cities across the country.*

”

*- LA's People Budget*

**Figure 1. CA Budget Allocation- Key Agencies FY 2021-2020**



we consider progressive use of funds range widely but include one-time funds such as the Golden State Stimulus, which offered \$600 in direct monetary payments to families, in addition to the federal stimulus dollars received prior. It also includes paying overdue utility bills for families who suffered economic hardship due to the impacts of the Covid-19 pandemic on the economy. In conversations with advocates from

Students Deserve, they named direct monetary support and housing support as critical services for a just recovery process. In our Regenerative Economies & Reparative Public Goods: Resisting the Serf Economy section, we further detail the role of these campaigns and efforts to shift spending to those services. However, as we look deeper into the budget, our analysis confirms what the literature has told us regarding

allocations to the education sector. The education sector remains underfunded in California and requires additional funding to fund key services. In the following sections we take a closer look at these three budgets and identify uses that advance the social and economic wellbeing of California's historically marginalized populations.

## California State Budget & the American Rescue Plan

The current budget proposes \$267.7 billion in spending. As seen in Figure 1 below, there are 12 key state agencies with the three top funded areas including: Health Human Services (\$80.5 billion), K-12 Education (\$66 billion) and Transportation (\$24.5 billion). The education sector, K-12 and Higher Education combined, make up 33% of the total budget. Corrections and Rehabilitation, which houses jail and state prison systems, youth correction facilities, and more, makes up 6.4% of the budget, a little less than the 8% allocated to higher education as a whole, including the UC, CSU, and Community College systems.

Compared to FY 2020-2021, when the economic impacts of the pandemic began to unfold, there is a \$65 billion difference in state fund expenditures. As seen in the table below, K-12 education is looking at a 25% increase over the last year, and Higher Education sees a 23% increase. Other state agencies like Business, Consumer, and Housing services saw an increase of 22%. Labor and Workforce Development saw an increase of 40% in its spending, and Health Human Services saw a 13% increase compared to last year. Corrections and Rehabilitation had an incremental increase in the budget at 7%; the smallest increase compared to all other state agencies. We include these non-education state agencies in our analysis because our partners identified affordable housing issues, health services and clinics in schools, and workforce development as critical services for students and communities.

Additionally, in our Reparative Goods section, we will discuss the role of Medi-cal as a key mechanism to fund additional health services in K-12 schools. This spending is a positive sign of growth for financing the education sector and towards a just recovery for families and workers.

However, we see larger structural problems that existed before the pandemic that we look at funding education since the Great Recession.

In addition to pulling out dollar amounts for FY 2020-2021 and FY 2021-2022, we pulled data

**Table 1. Funding per State Agency for FY 2020-2021 - FY 2021-2022**

Issue Area	FY 2020-2021	May Revision	Amount Change	Percent Change
<b>Labor and Workforce Development</b>	\$1,016,924	\$1,701,543	\$684,619	40%
<b>Business, Consumer Services, and Housing</b>	\$2,871,469	\$3,680,861	\$809,392	22%
<b>Government Operations</b>	\$1,949,352	\$4,016,255	\$2,066,903	51%
<b>Environmental Protection</b>	\$3,332,320	\$6,058,974	\$2,726,654	45%
<b>Legislative, Judicial, and Executive</b>	\$8,038,029	\$11,572,622	\$3,534,593	31%
<b>Natural Resources</b>	\$6,688,182	\$11,996,897	\$5,308,715	44%
<b>Corrections and Rehabilitation</b>	\$15,928,545	\$17,047,912	\$1,119,367	7%
<b>General Government</b>	\$6,755,649	\$18,894,523	\$12,138,874	64%
<b>Higher Education</b>	\$16,697,509	\$21,682,586	\$4,985,077	23%
<b>Transportation</b>	\$18,641,239	\$24,536,661	\$5,895,422	24%
<b>K thru 12 Education</b>	\$49,735,800	\$66,061,760	\$16,325,960	25%
<b>Health and Human Services</b>	\$70,418,575	\$80,538,248	\$10,119,673	13%
<b>TOTALS</b>	<b>\$202,073,593</b>	<b>\$267,788,842</b>	<b>\$65,715,249</b>	<b>25%</b>

Source: State of California, FY 2020-2021 and FY 2021-2022.

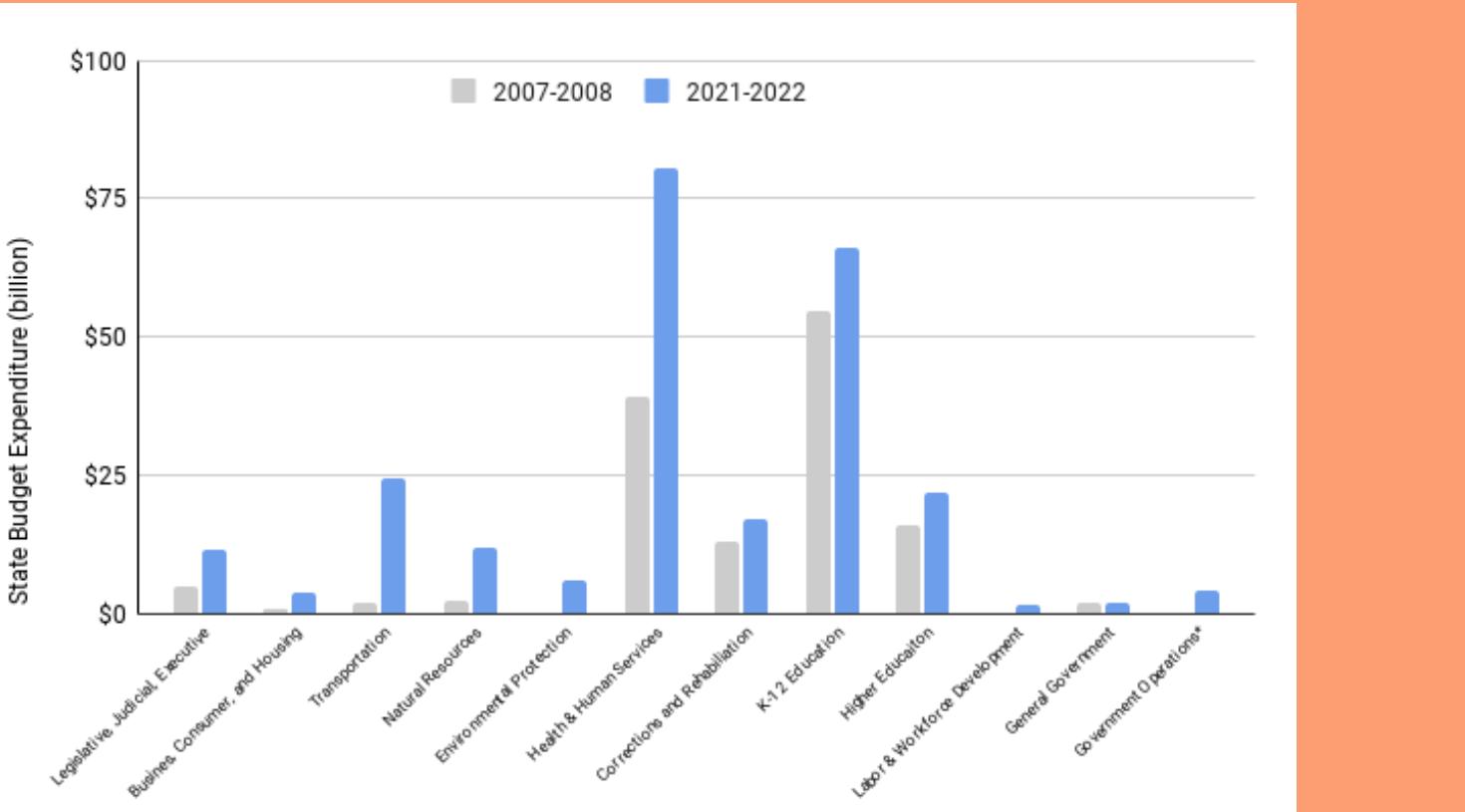
Ebudget. <http://www.ebudget.ca.gov/budget/2021-22MR/#/BudgetDetail>

\* Dollars in thousands. Specific to state funds

from the State of California budget website for every FY since 2007-2008. When controlling for inflation, we saw a general trend of increased spending for all services.

However, once we looked at the percentage of education funding and other key agencies, we saw a declining trend in the last ten years for K-12 Education in comparison to the budget total.

**Figure 2. Budget Expenditures, FY 2007-2008 vs FY 2021-2022**



Source: California State Budget, Department of Finance. Select Years FY 2007- 2008 through FY 2021-2022 <http://www.ebudget.ca.gov/>. Controlled for Inflation.

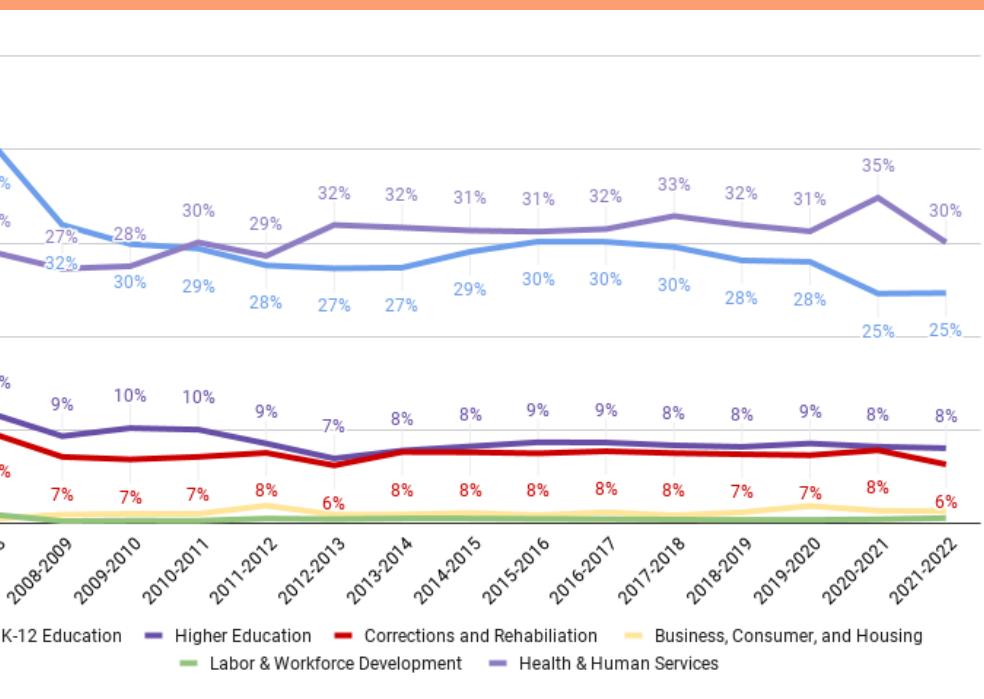
Figure 3 below shows the declining trend for K-12 education, except in FY 2014-2015 through FY 2016-2017, where it plateaued subsequently.

Higher Education also saw a gradual decline in its budget allocation compared to the total budget. Corrections and Rehabilitation averaged 7.5% of the total budget for the last decade, relatively steady, except for a dip from FY 2007-2008 to FY 2008-2009, demonstrating little defunding of

the carceral state in the last decade.

It's important to note that there can be various reasons why K-12 Education saw a decline in its allotment. Transportation became its own key funded area in FY 2013-2014, when there was a deep need for public transportation and traffic congestion was a growing problem. As the state begins to adopt a norm to climate change and

**Figure 3. Percentage of Key Agency Expenditures Since FY 2007-2008**



Source: CA State Budget, Department of Finance. Select Years FY 2007- 2008 through FY 2021-2022 <http://www.ebudget.ca.gov/>

natural disasters, we see a small increment in funding for Environmental Protection. The reality is funding can be volatile and often left to external forces (such as recession and priorities set by the state government), but looking at these numbers still helps us understand what could be. Right before the Great Recession of 2008, the state of CA was spending 40% of its budget on education. Today, it's at gross 30% of the budget.<sup>50</sup>

In addition to this macro lens of state spending on education, we looked at recently available data by the Annual Survey of Schools Systems Finance. We learned that per pupil spending for elementary and secondary public education (Pre-K through 12th grade) throughout the US increased by 5% averaging \$13,177 per pupil during the FY 2019.<sup>51</sup> In FY 2019, California spent only \$14,000, a little over \$800 more than the national average. Taking this amount and comparing it to states like New York who spend \$24,000 per pupil in the same year, this amount is low. These are pre-pandemic dollars, and national data for FY 2020-2021 is yet to be released; they release this data on an annual basis. However, based on state reports, we know California will drastically increase spending for K-12 students for FY 2021-22. We discuss those numbers in the following section.

## The State Budget and K-12 Education

California serves 5.9 million students through the K-12 system and operates and oversees over 10,000 schools, 1,000 school districts, and 1,200 charter schools statewide.<sup>52</sup> According to the state, FY 2021-2022 represents the "highest level of funding" for education programs and for per pupil funding. Compared to FY 2019, CA spent a mere \$14k per student. For FY 2021-2022, the state wants to spend about \$21k per student (\$13,977 through the Proposition 98 General Fund and the rest from federal recovery dollars).<sup>53</sup> This drastic increase from 2019 numbers signals the state's intent to move towards a more equitable distribution of funds to working families and communities of color. However, as previously mentioned, the total amount spent on education compared to the total budget is still low. It's also important to note that Proposition General Fund dollars are the type of structural funding schools need. Considering that the rest of the 21k will come from the American Rescue Plan, which will sunset in the upcoming years, it still leaves structural funding for education in a low range.

Despite these numbers, the Office of the Governor is proposing ways to address the educational inequities between students across California. The creation of the CALIFORNIA FOR ALL KIDS is a 5-year strategy that intends to increase school investment, increase opportunity for all children and ensure "public schools hold the promise of serving as the hubs for California communities."<sup>54</sup> Key pieces of the CA for All Kids Plans includes:

- Universal access to transitional kindergarten so all children enter the school system prepared to succeed.<sup>55</sup>
- Year-round access to enrichment activities and before/after-school supplemental education programs for children in low-income communities.
- Well-prepared and well-supported teachers.
- Deeper connections and relationships between students and adults on campus, with training in tiered systems of student supports, including more school counselors, social workers, and nurses.
- Increased access to school-wide nutrition programs.
- An improved and more integrated relationship between schools and health care plans, county health, and social services to provide school-based services to children.
- Greater student access to broadband internet and computer technology, both in the classroom and at home.

While we could not run these specific line items by our partners in time for this part of the report, it seems many of these intentions fall in alignment with reparative public goods. They also align with tenets of the Community School model that advocates like UTLA have pushed for years. The Community Schools model centers the role of public schools as "hubs" for their surrounding communities, and invests in the holistic wellbeing of a child, their family, and community.<sup>56</sup> We believe California for All Kids dollars should integrate or fund Community Schools, which we will address further in this report. Additionally, the state claims that by strengthening the existing

public education fiscal infrastructure, which the Covid-19 pandemic significantly impacted by the Covid-19 pandemic and multi-year enrollment declines, the May Revision includes additional investments in general-purpose K-12 funding to ensure a strong base that facilitates the success of the proposed new investments.<sup>57</sup> While there are additional dollars allocated to education compared to last year, our interpretation that the base funding needed still requires more funds.

## Concerns of Regressive Spending

Additional research on proposed budget expenditures also includes the role of paying debt, which our partners have identified as regressive use of funds. Debt is nothing new, but it tells of the state's spending pattern and how they plan to address debt this FY. Due to the economic impact of the Covid-19 pandemic, the education sector, like many others, needed to balance its budgets and anticipate recession-driven revenue reductions.

The state of CA deferred Local Control Funding Formula (LCFF) apportionments for the 2020 Budget Act. Deferred spending is known as deferrals; deferrals are late payments to districts needed because the state can't meet its funding commitment to education. Deferrals let districts budget for more money than the state will provide. They can spend as if there is no reduction in revenue. At the same time, by pushing a portion of payments to districts into the following fiscal year, the state will fund less than it budgeted and can claim a one-time savings.<sup>58</sup>

As stated in the Budget Summary created by the Governor's Office, they "propose paying off the

full K-12 deferral in 2019-20 and \$7.3 billion of the K-12 deferral in 2020-21, leaving an ongoing K-12 deferral balance of \$3.7 billion in 2021-22."<sup>59</sup> The May Revision further reduces this by \$1.1 billion, for a proposed 2021-22 K-12 deferral balance of \$2.6 billion. Ultimately this means that even after state dollars and federal stimulus dollars are allocated to education debt, schools are still left with \$2.6 billion in deferrals. Deferrals were also a common strategy in the Great Recession of 2008.<sup>60</sup> deferrals can negatively impact schools with low property wealth which is often schools with low-income students of color.

While the government is still negotiating these revisions, they are still somewhat vague. The state has mentioned that one-time federal funds will fund some of these programs, leaving questions of structural funding and longevity. There are also concerns about charter school allocation, which can pool from public funds, along with other parties that supplement dollars to their schools. Charter schools are not only accountable to the government funds they receive. They are also accountable to any entity and parent who generates additional services and revenue for the school.<sup>61</sup>

## Impacts to the Community Colleges System

For this year's budget, higher education, which includes the community colleges, is allotted \$21.6 billion in spending, a 16% increase from the January revisions, yet still small compared to the rest of the budget (8%). While this is certainly a

**Table 2. Education Workforce Development Chart FY 2021-2022**

Program	Description	Amount
Learning-Aligned Employment	Split evenly between fiscal years 2021-22 and 2022-23, to establish the Learning-Aligned Employment program, which would promote learning-aligned, long-term career development for the University of California, California State University, and CCC students. This program would be established as an endowment to sustain ongoing support.	\$1 billion
Education and Training Support Grants for Displaced Workers	One-time federal ARPA funds for the Student Aid Commission to establish a one-time grant program to support displaced workers in seeking reskilling and up-skilling opportunities, educational opportunities, or to support some of the costs to start a business.	\$1 billion
Regional K-16 Education Collaboratives	One-time General Fund set-aside from the Governor's Budget for grants to establish several regional K-16 collaboratives focused on streamlining educational pathways leading to in-demand jobs.	\$25 million
High Road Training Partnerships and Regional Partnerships	An increase of Proposition 98 General Fund to support California Community College participation in High Roads Training Programs and regional partnerships developed by the California Workforce Development Board.	\$20 million
Community College Strong Workforce Program	An increase of ongoing Proposition 98 General Fund to increase Program funding by 5 percent.	\$124 million
Work-Based Learning	An increase of one-time Proposition 98 General Fund to develop work-based learning opportunities in (1) cloud computing, and (2) zero emissions and supply chain fields.	\$10 million
Competency-Based Education Pilot	An increase of one-time Proposition 98 General Fund to pilot implementation of competency-based education at select community colleges	\$10 million
California Community College Registry Modernization	An increase of ongoing Proposition 98 General Fund to support the modernization of the California Community College Registry, which is an online database of job opportunities for the California Community Colleges	\$1 million
<b>Total</b>		<b>\$2.3 Billion</b>

Source: Budget Summary: California for All. May Revision 2021-2022, '23-'24. <http://www.budget.ca.gov/2021-22/pdf/Revised/BudgetSummary/FullBudgetSummary.pdf>

positive change, final budget adoption will reflect if these numbers stick. In conversations with our partners at AFT Local 1521, they informed us that, increasingly, community colleges need funding to create and sustain wrap-around services for students, and to identify opportunities for continued collaboration between the community need funding to create and sustain wrap-around services for students, and to identify opportunities for continued collaboration between the community college institutions, employers, and college institutions, employers, and government. Community colleges provide critical education and assistance to students who cannot attend college immediately after high school. In CA, unlike the 4-year universities, CC's accept all students who apply. Within the community college system, 69% of students come from diverse ethnic backgrounds, and roughly 53% are female.<sup>62</sup> Properly funding community colleges means investing in some of the most marginalized students in Los Angeles and the state. Education and development scholars alike have repeatedly shared that education can be a social equalizing tool. If California indeed insists on creating a California for All, adequately funding community colleges is critical.

For this part of the report, we looked at budget impacts to the Community Colleges for FY 2021-2022. Because of the economic impact of the Covid-19 pandemic, for the May Revisions, there is a heavy emphasis on workforce development strategies that seek to strengthen the pipeline between education, training, and hiring. Specifically, these May revisions include \$157 million one-time General Fund dollars

for a regional workforce investment package between the California Workforce Development Board and the California Community Colleges Chancellor's Office (CCCCO) to create new programming and support existing ones.<sup>63</sup> This is only one strategy used to help Californians get back to work. Table 2 details below the proposed programs in the May Revisions, their program description, and allotted amounts. These priorities fall in alignment with our other partner in this project, the LA County Department of Workforce Development, Aging and Community Services (WDACS). Based on a conversation with workers at WDACS, during the time of the pandemic, they implemented their Worker Resiliency Fund and Keep LA Working grant, affording small businesses and displaced workers financial assistance to stay afloat during the pandemic supporting them with basic needs, from food to rent during the pandemic. While this was not a traditional role the department took, they identified it as necessary to support workers in the region. WDACS continue to support displaced workers, teachers among them and they also continue to support workers find jobs. As part of the future they will focus on:

- Rapid Reemployment and training, with a primary focus on advanced manufacturing/green infrastructure, the healthcare industry, construction, logistics, warehousing and transportation, and information technology. A secondary focus also includes the entertainment and film, and digital media, care industry, arts industry, and social service/nonprofit sector.
- Continue to build on their Worker Equity Fund,

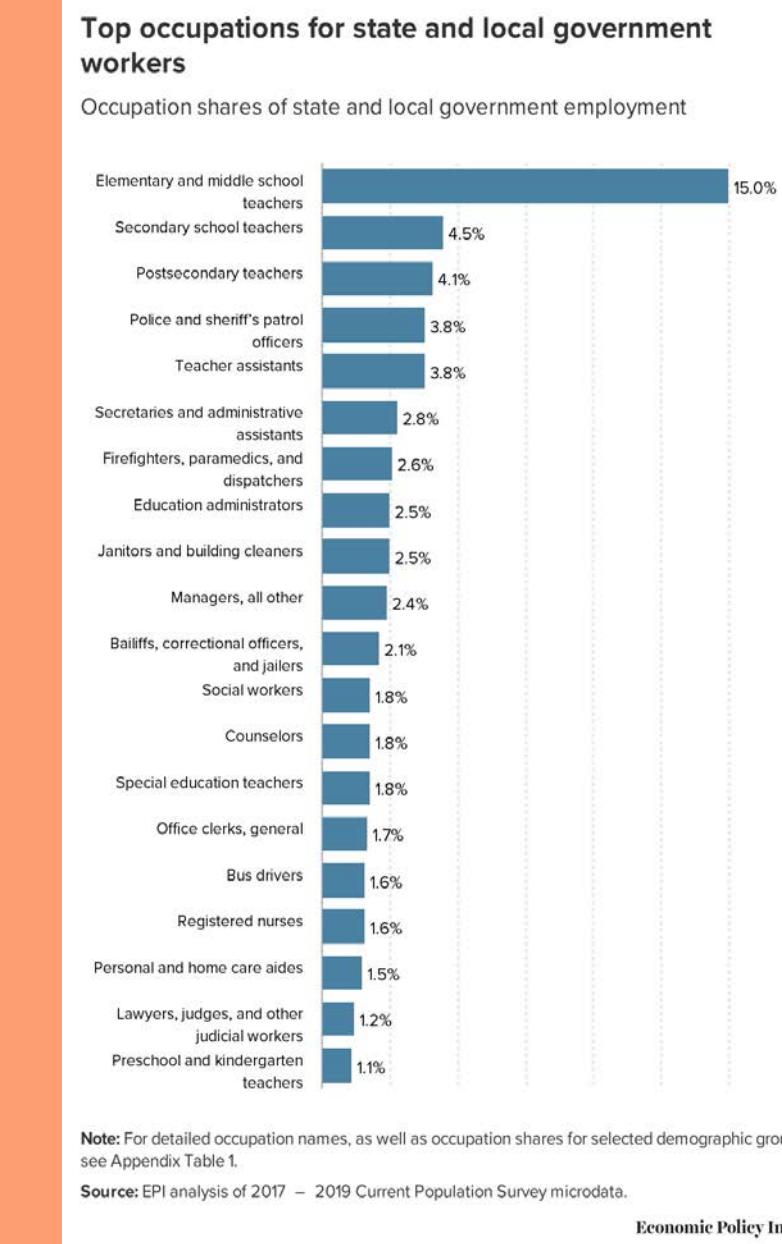
with the consideration that rent moratorium will sunset soon, safety for "essential workers", and building infrastructure for the care industry, and internet access to continue to work from home.

- Continue to promote Covid-19 Safety measures. Continued funding around PPE for small businesses and employees across Los Angeles.
- Focus on targeted populations, specifically around women, people of color, and youth under 25 years of age.

While these programs did not specifically address the needs of workers within Community Colleges, they addressed workers that CC's work with. As mentioned in this report, working women and workers of color were particularly affected by the pandemic. As Community Colleges and regional bodies like WDACS continue to partner, a particular focus on women and workers of color is necessary to a just recovery.

There are still many questions related to the programs above. For example, how will the Learning Aligned employment program be split between the UC, CSU, and the CC systems? How can AFT Local 1521 and their students tap into regional education collaboratives? Is there synergy between this model and the Community Schools Model implemented by the K-12 school districts that can also push the Union to take a role more related to UTLA? These exploratory questions will remain as we see these dollars implemented, but there is certainly an opportunity for greater collaboration between regional government bodies and the Community Colleges.

**Figure 4. National Percentages for Top Occupations for State and Local Governments**



Finally, these one time funds have a major emphasis on workforce development, but lack focus on the mental, physical and emotional health of students. As mentioned above, the community college student body serves a myriad of students and requires more holistic wrap-around services in addition to workforce development. We will discuss potential programming and monetary sources in our Reparative Goods section. However, further research is needed to explore collaboration between CC and other government entities. As we will discuss in our Reparative Goods section, there is an opportunity for Medi-Cal to help fund onsite health services for K-12. This is something the CC's can consider.

## The Public Sector Budget & Workers

Educators make up most of the public sector workers making public education a key workforce to the state and local governments. Based on a report by the Economic Policy Institute most state and local government employees work in elementary, secondary, or postsecondary education (50.4%).<sup>64</sup> As shown in Figure 4, below, 47.4% of local government employees work in elementary and secondary schools, while state governments have about a quarter of their workforce in elementary and secondary schools (28.3%) and postsecondary education (23.7%).<sup>65</sup> You can see the breakdown of public sector jobs in the chart below. It is also important to note that women, in particular Black women, are disproportionately represented in public sector jobs.

“

Why have schools and educators become the answer for every problem in our society (child care, nutrition, healthcare, mental welfare, educating, etc.)?

UTLA ANSWER: How come we (teachers) haven't been funded that way?

- Cecily Myart-Cruz, UTLA President

”

As mentioned in our Regressive Spending section, the pandemic caused a decline in public sector workers including teachers. Investing in education is not only a way to invest in communities and schools, but public sector workers which largely represent women and people of color. During the Covid-19 pandemic, women and people of color fell out of the workforce at an alarming rate. In our Reparative Goods section, we discuss additional types of workers that can be connected to schools, can help employ women of color, and broaden the role of the public schools in communities.

## Los Angeles Unified School District Budget

“Why have schools and educators become the answer for every problem in our society (child care, nutrition, healthcare, mental welfare, educating, etc.)?

UTLA ANSWER: How come we (teachers) haven't been funded that way?” - Cecily Myart-Cruz, UTLA President

In an online update to her membership this past spring in response to school reopening, UTLA President Cecily Myart-Cruz prompted a seemingly provocative yet obvious question around rampant austerity in education that constricts resources disproportionately impacting BIPOC students, their wellbeing, and their communities. The Los Angeles Unified School District is the second largest public school district in the country, home to 465,000 students, the

majority of whom identify as Latinx, over 33,000 teachers, and 900 schools.<sup>66</sup> The 2019 UTLA six-day teacher strike, a key action in the Reclaim Our Schools Los Angeles (ROSLA) alliance's campaign, elevated the urgent need to mobilize organized power for public education to work for the common good. The alliance won 85% of their proposed platform agreements. These campaign victories include addressing teacher income gaps, green space deficits, charter school oversight, random searches in schools, improving funding mechanisms for special education and the development of community schools. These victories illuminated the possibilities of LAUSD's budget to improve the lives of the wider community. This section analyzes the 2020-21 Los Angeles Unified School District Budget expenditure allocations along with historical trends to highlight how certain budget expenditures harm LAUSD's workers, students, and their communities. We also point to opportunities that exist for public funds to do more for Black, Brown, and low-income communities.

California spent less than the national average on K-12 education for decades as school costs rose.<sup>67</sup> Specifically, education's base funding is historically underfunded. This is the legacy of redlining valued property in BIPOC communities lower than in white neighborhoods. These low property values deeply affected funding in lower income areas prior to the establishment of state revenue limits. SB 90 (1972) established revenue limits to address unequal funding across districts. Serrano v. Priest then established an equalization in school funding by assuming the difference in revenue limits per pupil should be less than

**Table 3. 2020-21 LAUSD Final Budget by Fund**

Budget by Fund	Expenditure	% of Budget
Unrestricted General Fund	\$5,244.07	36%
Restricted General Fund	\$3,508.27	24%
Cafeteria Fund	\$401.86	3%
Early Education Fund	\$181.67	1%
Adult Education Fund	\$151.48	1%
<b>TOTAL OPERATING FUND</b>	<b>\$9,487.35</b>	<b>64%</b>
Capital Projects Funds	\$2,817.67	19%
Internal Service / Fiduciary Funds	\$1,527.15	10%
Debt Service Funds	\$916.92	6%
<b>TOTAL BUDGET</b>	<b>\$14,749.09</b>	<b>100%</b>

Source: LAUSD Final Superintendent Budgets, 2002-2021

\$100 (the “Serrano band”).<sup>68</sup> Arguably the most impactful legislation restricting the ability to raise money locally, Prop 13 caps property tax revenue to 1% on the assessed value of a home, impacting BIPOC communities more given the undervaluing of homes in these areas and increasing the percentage of state dollars that make up the LAUSD budget.<sup>69</sup> While Prop 9 establishes a minimum funding guarantee from state and local property taxes for all students, middle to higher income schools often have to supplement this minimum with additional funding lower income schools may not have. The Local Control Funding Formula (LCFF) simplified the state's funding allocation formula by providing a base grant at the minimum funding level and additional funds based on high-need students to allocate state funds to local districts. It intends to increase transparency and decision-making for state funding to schools; however conversations with our partners for this research suggest that the connection of the base grant to student enrollment, inconsistent delivery of additional funds for high-need students, and the student performance requirements provide a mechanism to measure and justify the constriction of school funding.

The historic underfunding of BIPOC communities through state and local funding mechanisms highlights a source of harm built into the funding logic. In the 2020-2021 LAUSD Superintendent's Final Budget, the general fund, approximately 60% of the total budget, comes from state funding allocated through the LCFF (Table 3).<sup>70</sup>

Using a formula from the March 2018 Regis

**Table 4. 2020-21 LAUSD Operating Fund by Pupil**

Operating Fund Spend Category	2020-2021	YOY % Change	2019-2020	YOY % Change	2018-2019
<b>K-12 Instruction</b>	\$ 8,313	7%	\$ 7,797	1%	\$ 7,753
<b>Districtwide Operations and Facilities Maintenance</b>	\$ 5,309	99%	\$ 2,662	-12%	\$ 3,018
<b>Special Education</b>	\$ 3,265	7%	\$ 3,048	-1%	\$ 3,081
<b>Whole Student</b>	\$ 1,935	12%	\$ 1,728	2%	\$ 1,696
<b>Food Services</b>	\$ 557	-20%	\$ 694	-1%	\$ 699
<b>Early Education</b>	\$ 440	2%	\$ 430	4%	\$ 414
<b>Transportation</b>	\$ 401	5%	\$ 382	6%	\$ 360
<b>Adult Education</b>	\$ 293	13%	\$ 259	-3%	\$ 266
<b>Central Administration</b>	\$ 662	19%	\$ 557	0%	\$ 559
<b>TOTAL</b>	<b>\$ 21,175</b>	<b>21%</b>	<b>\$ 17,557</b>	<b>-2%</b>	<b>\$ 17,846</b>

\* includes restricted and non-restricted general funds

Source: LAUSD Final Superintendent Budgets, 2002-2021

study The Real Shame of the Nation: The Causes and Consequences of Interstate Inequity in Public School Investments

by Bruce Baker used to determine how much per pupil funding is necessary "for districts at different poverty levels to raise student achievement," LAUSD must spend \$24K per pupil annually<sup>71</sup> With the current levels of funding, student-to-teacher ratios at 22 to 1 are higher than the 16 to 1 national average and students lack other resources such as counselors and nurses. Over the 3 year period as seen in Table 4 funding previously hovered at just under \$18K.

This year the \$21K per pupil attributes to a 99% increase in operations and facilities due to Covid-19 support. Additionally, only \$1,935 or 9.6% was devoted to whole student services. LAUSD also spends nearly \$1 billion on servicing debt, diverting money from student services into the hands of predatory financial institutions.

Eliminating this regressive expenditures would allow LAUSD to invest in the budget that ROSLA endorses: reduced class sizes, ending the digital divide, funding college preparatory programs, and hiring more health and academic support staff.<sup>72</sup>

The central question is whether students are getting the resources and support they need as labor and community coalitions demand. The above analysis of per pupil funding suggests more changes needed to address this root cause issue. The recent Students Deserve victory, discussed later in this report, points to a hopeful signal about the \$25 million reallocated from the \$139.4 million on school safety towards Black students

**Table 5: Proposed LACCD Budget: FY 2020-2021**

Key Expenditures FY 2020-21	Amount	% of Budget
Building Fund*	\$3.9 billion	72.2%
Unrestricted General Fund	\$832.5 million	15.4%
Restricted General Fund**	\$257.4 million	4.8%
Student Financial Aid Fund	\$298.6 million	5.5%
Special Reserve Fund (State Funded Capital Outlay Projects)	\$54.1 million	1%
Bookstore Fund	\$29.8 million	.5%
Child Development Center Fund	\$13.5 million	.2%
Debt Services Fund	\$6.6 million	.1%
Cafeteria Fund	\$2.6 million	.04%

Source: Final Budget. Office of the Chancellor, September 2020. [https://www.laccd.edu/Documents/NewsDocuments/20200825-2020-2021\\_Final\\_Budget\\_with\\_hyperlinks.pdf](https://www.laccd.edu/Documents/NewsDocuments/20200825-2020-2021_Final_Budget_with_hyperlinks.pdf)

across 53 campuses for wraparound services, counselors, and other resources for their success.

serves predominantly BIPOC students at all income levels, and underfunding threatens to diminish the quality of education, range of essential services for students, and benefits for all workers. This section discusses regressive student centered funding and harmful spending in the Los Angeles Community College District tentative budget for FY 2021-2022 and historically. This budget was drafted first using state general revenue projections from the Governor's January 2021 proposed budget, then revised to reflect the May 2021 revision and released June 2, 2021.<sup>73</sup> Since the tentative budget was not released until June, we just had access to it. Table 5 presents FY 2020-2021 which we had access to at the time of writing this report. We added additional numbers

for the Tentative Budget FY 2021-2022 that just came out.

For FY 2020-2021, the total budget sums up to 5.5 billion dollars with a majority of its funds being spent on its building fund (at 72.2% of the budget), unrestricted funds at 15.4% of its budget, and restricted general fund at 4.8% of its budget.

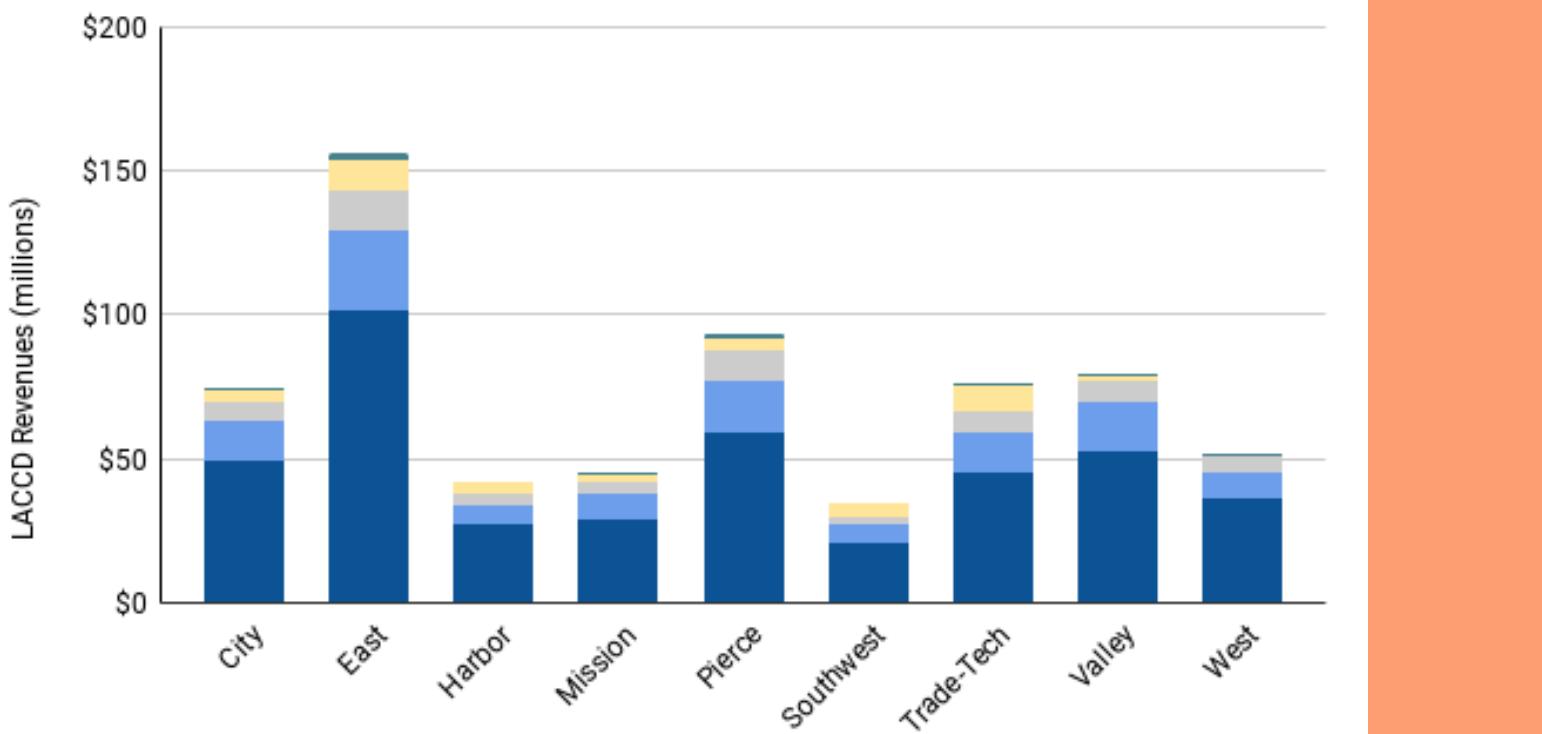
<sup>74</sup> When we combine services like the bookstore, cafeteria services, student financial aid fund, and the child development center, those types of services sum up to 6.5% of the total budget.

When it comes to the Tentative Budget for FY 2021-2022, we saw a decline in almost all expenditures. Some cuts were larger than others. The building fund saw a decline of 5.1%, whereas the Cafeteria Fund saw a decline in 80%. Student Financial Aid also saw a decline in its funding for 19.3%. The only expenditure that saw an increase was the Debt Service Fund by 7%.

- Building Fund (Prop. A, AA, J and Measure CC) - \$ 3.7 billion
- Unrestricted General Fund - \$ 830.8 million
- Student Financial Aid Fund - \$ 240.8 million
- Restricted General Fund (categorical and specially funded) - \$ 109.2 million
- Special Reserve Fund (State Funded Capital Outlay Projects) - \$ 50.0 million
- Bookstore Fund - \$ 16.9 million
- Debt Services Fund - \$ 7.1 million
- Child Development Center Fund - \$ 2.2 million
- Cafeteria Fund - \$ 0.5 million

It is deeply concerning that for this FY cycle, the community colleges are planning to cut many of

**Figure 5. 2021-22 SCFF Revenue Allocation by LACCD Campus**



Source: 2021-22 LACCD Budget Allocation Model. Los Angeles Community College District. <https://www.laccd.edu/Departments/CFO/budget/Documents/2021-2022%20Tentative%20Budget/IV.6.%20Appendix%20F%20Allocation%20Model.pdf>

their services. When there are discussions about recovery and serving the most marginalized, this budget falls short of adequately meeting the needs of students, faculty, staff, and the community at large. Despite the fact that additional dollars are being allocated to Higher Education through the CA State Budget, the LACCD will not see the fruits of those additional dollars. As mentioned, our partners have identified community colleges as institutions that

continue to provide wrap-around services for students, but are not necessarily funded that way. This budget demonstrates how much community colleges are struggling. Community colleges receive funding from the state along with the UC and CSU system must compete with their enrollment standards. As the Governor's office comes closer to providing the allocations for key agencies, funding the community colleges to expand beyond their current expenditures is

needed for Angelenos. WDACS plans to increase their partnership with these institutions to help displaced workers return to work. They plan to use dollars from the American Rescue Plan, but these dollars will not be enough to fund services long term. Additional explanations on the historical nature of this limited funding to community colleges is detailed in the following sections.

## Student Centered Funding

The Student Centered Funding Formula (SCFF), legislation adopted with the 2018-19 budget, allocates state funding, based on the minimum funding guarantee, to public college districts in California and is based on enrollment, a supplemental allocation to benefit high-needs students, and a student success allocation based on outcomes linked to goals in the California State Chancellor's Vision for Success.<sup>75</sup> LACCD's 2021-22 Revenue from the Student Centered Funding Formula is about \$654 million, 70% of the total \$930 million general funds and 80% of the \$820 unrestricted general funds, showing that the majority of the budget allocated to campuses comes from these state funds.<sup>76</sup> Due to the outsized \$3.7 billion Building Fund funded by Proposition A, AA, J and Measure CC, SCFF revenue is only 13% of the entire \$4.9 billion budget.<sup>77</sup> These general funds from the state are allocated to LACCD's nine campuses and central administration through the District Allocation Model adopted in 2019-20. Figure 5 shows the 2021-2022 SCFF Revenue Allocation by LACCD Campus.

SCFF sums the base amount based on overall enrollment but additional full time enrollment (FTE) allocations are given with credits conferred from credit/non-credit seeking students, privileging campuses with more credits conferred. The Education Protection Act is based on full time enrollment, detrimentally impacting campuses with declining enrollment. Supplemental allocations are only given based on the number of FTEs who receive a Pell Grant, CA Promise Grant, and

**Table 6 (Right). "Hold Harmless" Percent of SCFF Revenue Allocation**

Source: 2021-22 LACCD Budget Allocation Model. Los Angeles Community College District. <https://www.laccd.edu/Departments/CFO/budget/Documents/2021-2022%20Tentative%20Budget/IV.6.%20Appendix%20F%20Allocation%20Model.pdf>

Location	% of SCFF Revenue Allocation
City	5%
East	7%
Harbor	8%
Mission	5%
Pierce	14%
Southwest	11%
Trade-Tech	2%
Valley	0%
West	6%
<b>Total</b>	<b>6%</b>

**Figure 6. 2021-2022 LACCD SCFF Funding Per FTE - Hold Harmless Comparison**



Source: 2021-22 LACCD Budget Allocation Model. Los Angeles Community College District. <https://www.laccd.edu/Departments/CFO/budget/Documents/2021-2022%20Tentative%20Budget/IV.6.%20Appendix%20F%20Allocation%20Model.pdf>

AB 540 funding. The success allocations vary and are based on performance metrics such as number of associate degrees for transfer (\$2236), associate degrees granted (\$1677), 9 or more CTE units (\$559), and meeting the regional living wage (\$559). Maslow's hierarchy of needs must be met as a prerequisite of performance-based success yet this funding mechanism overprioritizes performance, limiting funding for those students

in need and increasing the burden on both full and part-time faculty. LACCD is currently in a "hold harmless" period where the district funds a gap when campuses experience a loss in revenue from declining enrollment or a reduction in supplemental or student success allocations to meet the minimum funding guarantee.

Table 6 shows the percentage of the "hold

**Table 6. 2018-2022 Student Centered Funding Formula Revenue Allocation Detail**

SCFF Metric	2018-19	2019-2020	2020-2021	2021-2022
Funded Bases FTE	107,984	107,984	98,792	90,016
Base (with EPA funds)	\$604,795,901	\$189,064,258	\$450,029,023	\$419,506,636
Supplemental	N/A	N/A	\$125,851,740	\$122,253,132
Hold Harmless	\$1,069,041	\$433,190,654	\$9,785,671	\$38,643,589
COLA %	2.71%	3.26%	0.00%	TBD
COLA	\$16,389,969	\$20,285,510	\$0	\$10,923,276
<b>TOTAL</b>	<b>\$622,254,911</b>	<b>\$642,540,422</b>	<b>\$642,545,652</b>	<b>\$653,468,928</b>
<b>Per FTE (with hold harmless)</b>	<b>\$5,762</b>	<b>\$5,950</b>	<b>\$6,504</b>	<b>\$7,259</b>
<b>Per FTE (w/o hold harmless)</b>	<b>\$5,753</b>	<b>\$1,939</b>	<b>\$6,405</b>	<b>\$6,830</b>

Source: 2018-2022 LACCD Final Budgets

harmless' amount that makes up the SCFF revenue allocation. This metric can be used to estimate the gap in funding without the "hold harmless" supplemental funding. While "hold harmless" only comprises 0.44% of the West campus SCFF allocation amount in the 2021-2022 budget, it is an outsized 14% of the Southwest campus budget, well above the 6% district average. Figure 6 further shows that Southwest College has the highest funding gap without the hold harmless period as SCFF funding per FTE drops from \$9,536 to \$8,238. Southwest serves the largest concentration of Black students and staff and could detrimentally impact class sizes, instructional support, and essential services for students in dire need of them. This may foreshadow the limits with the student funding formula in increasing per pupil funding and its disproportionate effects on BIPOC communities.

While there has been a steady increase in overall funding since 2018, Table 6 shows a steady increase in the "hold harmless" funding amount with 2019-2020 a outlier. Further, A partner interview emphasized the imminent danger for students and faculty when the hold harmless period ends in 2023.

Overall, a steady decrease in state spending discussed in a prior section combined with the danger of underfunding in the near future based on SCFF creates a perfect storm that perpetuates California's education funding dilemma and its impact on BIPOC communities.

## Public Funding, Soft

## Policing, and Surveillance

While advocating for public funding and social services is necessary, we need a critical approach in how publically funded social services can be manipulated to deepen carceral practices.<sup>78</sup> Through data collection, recipients of welfare and public services are subjected to having their data accessed by police. This means the poorest members of our community must involuntarily share their information with police if they choose to utilize public services such as mental health services, food stamps, temporary shelter, or additional welfare benefits. The criminalization of poor and working class communities is exacerbated by the information sharing and surveillance of individuals who use welfare and other publicly-funded services.

In centering an abolitionist framework, policing manifests itself not only through police forces but also through the individuals in social services who share information and data with police. Soft policing is a form of policing that is done by individuals such as teachers, social workers, or nurses who comply with police.<sup>79</sup> Although these individuals are seen as benevolent supporters of community and the well-being of some of the most marginalized members of society, they can still enact harm through their investment in carceral practices. A prominent example of soft policing by individuals in the human services sector includes policing through data sharing and surveillance. If a teacher is asked by police about a student, they may share information on the student's home life or personal trauma. This leads to further the

criminalization of a young person, especially if they are already in databases for gangs and welfare services.

In addition, digital databases used by human service sector workers criminalize individuals who receive welfare services. Figure 7 shows how digital databases used by workers in the public sector, specifically teachers, social workers, and nurses, create a web of information sharing.<sup>80</sup> The most marginalized members of society who receive welfare benefits or mental health services are put in these databases. The three databases circled in red are used by workers in the education system to track data on youth and families. A prime example of criminalizing and surveilling public services recipients is the Family and Children Index (FCI). The FCI specifically stores information on youth who receive welfare services from the Department of Health Services, Department of Mental Health, and Department of Probation, and the Department of Public and Social Services while also sharing the information with the Los Angeles Police Department.<sup>81</sup> Through placing information on public and social services in the same database as LAPD data, the linkage of criminalizing the poor is clear.

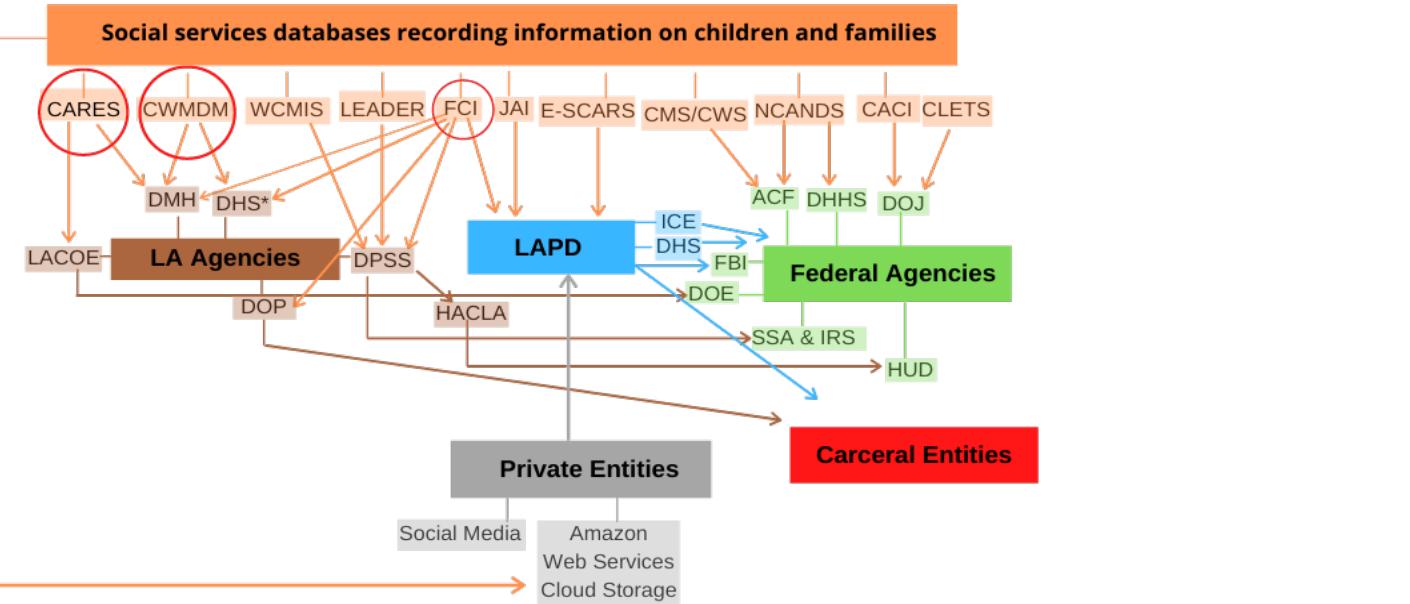
These databases are developed by private companies for millions of dollars and put on storage clouds like Amazon Web Services. Surveillance and data sharing beg for a critical analysis of publicly funded services and welfare. Forms of "soft policing" demand our critical attention in the work of advocating for public services that support the health and strength of communities, not surveil them. The urgency of

In centering an abolitionist framework, policing manifests itself not only through police forces but also through the individuals in social services who share information and data with police.

**Figure 7. A visual map of databases sharing information through human services institutions.**

# Public Funding Services: Surveillance and "Soft Policing"

es are seen as passive forms of information gathering, however they function as insidiously as policing.



dividuals who are in "service" roles, such as social workers, teachers, nurses, etc. are forced to share information to police. This surveils low-income families receiving welfare through DPSS. Disabled and neurodivergent students are targeted well through Department of Health and Department of Mental Health. This information is then placed on private clouds, like Amazon Web Services.

## yms Key

Countywide Master Data Management System	DOE – U.S. Department of Education
Child Welfare Services / Case Management System	FBI – Federal Bureau of Investigations
Electronic Suspected Child Abuse Report System	SSA – U.S. Social Security Administration
Child Abuse Reporting Electronic System	IRS – U.S. Internal Revenue Service
County Office of Education	DHS – Department of Homeland Security (in relation to ICE)
Department of Probation	ICE – Immigration Customs Enforcement
Department of Health Services (in relation to DMH and	DPSS – Department of Public and Social Services
Department of Mental Health Services	DHHS – U.S. Department of Health and Human Services
Administration for Children and Families	NCANDS - National Child Abuse and Neglect Data System
Automated Index	WCMSIS - Welfare Case Management Information System
and Children's Index	LEADER - Los Angeles Eligibility Automated Determination
Abuse Central Index	Evaluation and Reporting System
Scan and California Law Enforcement	HACLA - Housing Authority of the City of Los Angeles

try a critical approach in how welfare and publicly funded social services are administered, key to creating public welfare services without constant surveillance and criminalizing of the poor.

# Regenerative Economies & Reparative Public Goods: Resisting the Serf Economy

*"The corporate revolution will collapse if we refuse to buy what they are selling – their ideas, their version of history, their wars, their weapons, their notion of inevitability. Remember this: We be many and they be few. They need us more than we need them. Another world is not only possible, she is on her way. On a quiet day, I can hear her breathing."* - Arundhati Roy

The existing economy of low-wages, exploitation, private profiteering, and unethical consumption exacerbates itself throughout the pandemic. Yet, there also exists an outpour of communal support, mutual aid, and the reshifting of public funds never seen before since the start of the pandemic. The momentum of the current political moment illustrates shifts in power through extending public services benefits and the mass defunding of carceral institutions. The following section looks to imagine a world beyond the serf economy and the exploitation of workers. Every community holds unique challenges in approaching regenerative public goods. This section serves as a means of reimagining and remaining inspired by the tangible creation of regenerative economic practices. We evaluate case studies in Jackson, Mississippi and in Southern California to better understand existing frameworks of just transition and sustainable communities.

## The Solidarity Economy

### What is the Solidarity Economy?

The solidarity economy is an economic model created in 1970s Latin America as a means to reject waves of neoliberal and U.S. interventionist policy in the region. It is rooted in an understanding that communities can meet their own needs through practices of communal interdependence.<sup>82</sup>

Unlike many alternative economic projects that have come before, solidarity economics does not seek to build a singular model of how the economy should be structured, but rather pursues a dynamic process of economic organizing in which organizations, communities, and social movements work to identify democratic and liberatory means of meeting their needs. It circulates funds back into the community through economic practices such as co-operatives, community financing, land trusts, and barter clubs. Figure 8 shows that the solidarity economy requires radical reshifting in how we understand housing, financing, production, trade, and creation. It is a form of resistance against the neoliberal private actors who shape the economy. Practices of solidarity economics have existed for centuries and have

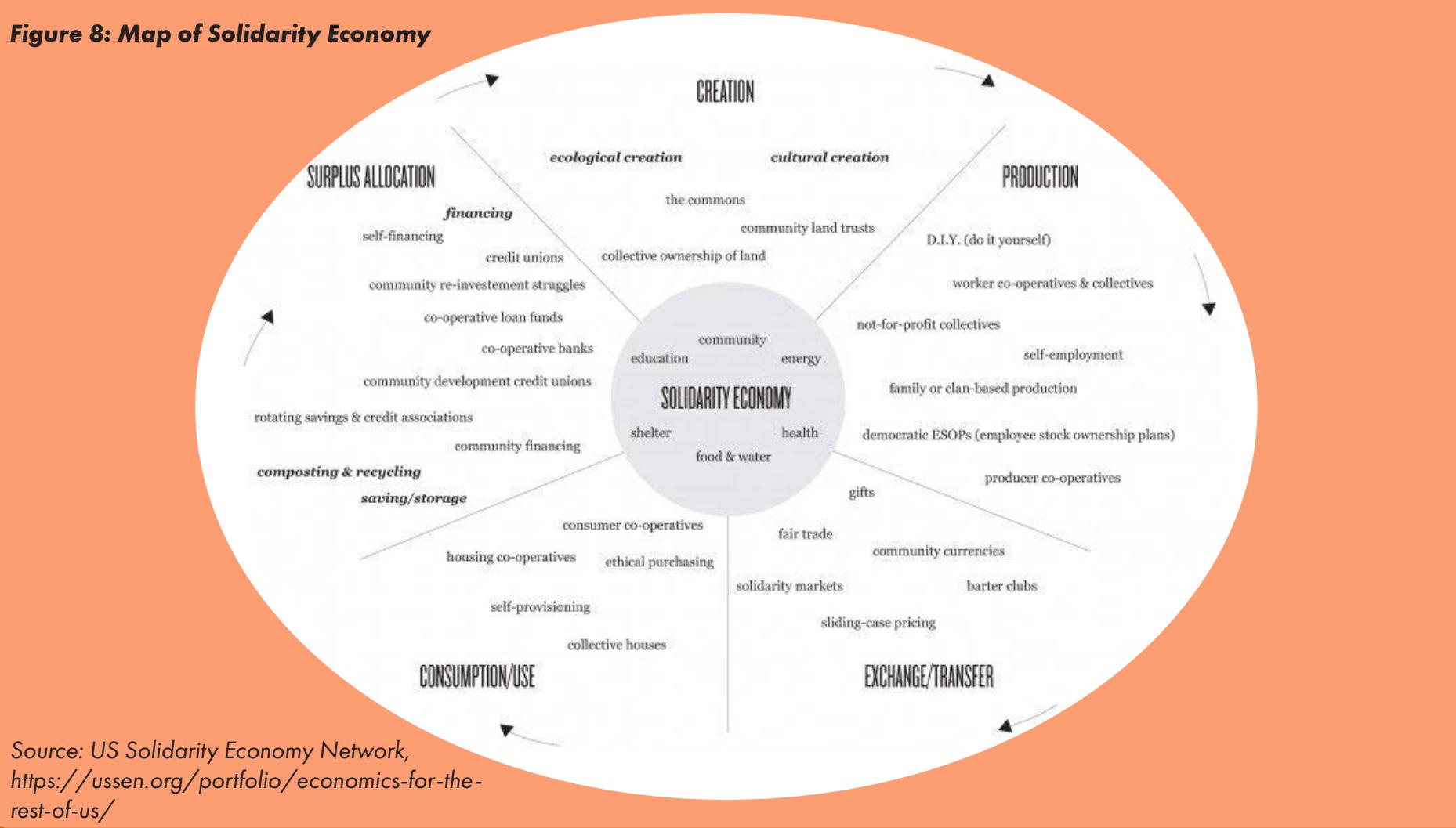
been used as a means of Black and Indigenous resistance against extractive and capitalistic economic structures.<sup>83</sup>

In understanding regenerative ways to approach public funding, the solidarity economy is useful to advocate for community-centered funding models. The solidarity economy can be a useful tool in advocating for regenerative economic practices that keep capital circulating within the community, rather than being extracted by private profiteers. Through the solidarity economy model, we are able to imagine recommendations for public funding that are redistributive and forego our reliance on unethical and neoliberal practices.

### How Does the Solidarity Economy Benefit Workers and Unions?

Worker movements and unions are a major part of solidarity economics. The solidarity economy is a long-term goal to make corporate profiteers obsolete by disrupting our reliance on major corporations. Much like waves of mutual aid that became mainstream during the pandemic, the solidarity economy illustrates that it is possible to create structures of mutual support and community-centered financing that benefit the community rather than extract

Figure 8: Map of Solidarity Economy



Source: US Solidarity Economy Network,  
<https://usSEN.org/portfolio/economics-for-the-rest-of-us/>

Unlike many alternative economic projects that have come before, solidarity economics does not seek to build a singular model of how the economy should be structured, but rather pursues a dynamic process of economic organizing in which organizations, communities, and social movements work to identify democratic and liberatory means of meeting their needs

from it. The solidarity economy disrupts our reliance on profiteers and private actors whose practices hinge on low-wage exploitation, instant gratification, and environmental harm. Rather than investing in private profiteers that keep communities in cycles of the serf economy, the solidarity economy is an alternative that asks communities to create their own structure of ethical purchasing, collective ownership, and worker co-operatives. It requires divesting from existing structures that push working class and union workers into unfair labor practices and extraction. Instead, it puts the means of production, financing, and consumption back in the agency of community members.

#### Limitations of the Solidarity Economy

While the solidarity economy is a vision of regenerative communities and mutual support, it is not a quick fix to centuries of exploitative working conditions. It requires long-term investment, intentional creation of alternative structures of financing and production, and willingness to participate in co-ownership and mutual aid in order to become a larger scale movement. In a society that is fundamentally individualistic and focused on instant gratification through consumption, this is no easy task.

Another critical issue is the accessibility of the solidarity economy to individuals who live in disinvested communities. Within the serf economy, communities are pushed into cycles of exploitation that leave little room for imagination or time investments in what could be imagined beyond the current economic structure. In turn, the

solidarity economy model can be inaccessible to communities that are in survival mode and ultimately do not have the time or energy investments to participate in learning about or creating a new regenerative economic structure. However, solidarity economy movements globally illustrate that even through massive disinvestment, communities have still created their own solidarity economy networks.

#### Further Examples of the Solidarity Economy

Examples of the solidarity economy demonstrate that another world is possible in imagining reparative structures in Southern California. The following sections of the report illustrate examples of the solidarity economy through reparative public goods, and practices of regenerative

economics in Jackson, Mississippi. In evaluating these examples, we witness forms of resistance against the serf economy. The following sections emphasize communal autonomy, environmental sustainability, and collective liberation as we imagine making economically just communities tangible and building a just post-pandemic world.

## Case Study: Jackson Rising

"The revolution can only achieve the emancipation of labor only by gradual decentralization, by developing the individual workers into a more conscious and determining factor in the processes of industry by making him or her the impulse when proceeds all industrial and social activity" - Cooperation Jackson

Jackson, Mississippi is a leader in the conversation and vision to implement a solidarity and cooperative economy. As a case study, Jackson set an example of clear steps to take that could produce a worker centered movement for liberation. It has faced historical disinvestment, violence, and racial economic disparities, where community resilience is looking at alternative economies for survival and regeneration.

The mayoral election of Chokwe Lumumba in 2013 became a political stance that the residents of Jackson were prepared to make significant changes to a political environment that would center Black cooperative economics and systems of solidarity. Mayor Lumumba was elected in 2013 and faced an untimely death the following year. Although he was prepared from a lifetime of organizing, legal, and personal experience to lead the people of Jackson, his death halted the momentum of the movement. Cooperation Jackson emerged as a response to his death and to promote the resiliency of his ideas to continue paving the way for the people of Jackson.

The administration plans before his death were specific to revamping local economies that would

create internal city infrastructure to support solidarity economies. Lumumba's administration sought to create an economic development department to focus on cooperative development, a platform for a loan fund that would be resourced by city budgets and credit unions, and new city policies and procedures that would create incentives to develop cooperative businesses.<sup>84</sup> Lumumba understood that infiltrating government positions is necessary to be able to shift political priorities

**The revolution can only achieve the emancipation of labor only by gradual decentralization, by developing the individual workers into a more conscious and determining factor in the processes of industry by making him or her the impulse when proceeds all industrial and social activity**

- Cooperation Jackson

to include more community voices. He also sought to facilitate the creation of cooperatives within the municipal government where people would have an incentive to pursue this type of business structure.

Organizing a cooperative economy as presented by Cooperation Jackson has three pillars: agriculture, participatory budgeting, and technology. The south's relationship to land

and growing crops is embedded in the struggle of Black communities. The industrialization and commercialization of agriculture separated the labor of production to the recipients of its wealth and surplus. Local food production is a tactic looking towards providing the residents of Jackson the skills and means to grow their own food and take back land stewardship from past generational traumas of their relationship and labor of that land. The organizing strategy of Cooperation Jackson would create local food and production charter to reduce carbon emissions and create local food production jobs for city residents.<sup>85</sup> The second pillar of Cooperation Jackson's agriculture pillars is to center producers that are from Jackson and that come from marginalized communities. Cooperation Jackson makes sure to clearly address the racialized issues that have prevented Black communities from being able to achieve economic independence and build wealth. They uplift that agriculture is a means of economic independence and power building. This is a lesson that can be applied to communities across the country that work in food production but do not gain economic independence to build their own wealth and independence from land owners.

The second pillar of organizing a cooperative economy is participatory budgeting. Participatory budgeting seeks to promote decision making power by the community that it affects. Cooperation Jackson highlights steps in attaining participatory budgeting. Through community budget coalitions and the creation of the infrastructure within the municipal government, community members determine spending priorities

and elect budget delegates. Then, the budget delegates make budget proposals that are facilitated and assisted by public employees. Residents of the city then vote on the funding proposal and the public authority implements these budgets.<sup>86</sup>

Cooperation Jackson also believes in the importance of harnessing technology as a tool to build power. The third pillar of organizing a cooperative economy, states that it is imperative to be able to control the means of production and access to technology. Cooperation Jackson understood that the next wave of accessing wealth would require a grasp on technological and digital advances. They called this program "Community Production" with the intent of training the people of Jackson to be the producers of new digital technology.<sup>87</sup>

Cooperation Jackson had clear strategies and programs centered on the solidarity economy, sustainability, digital production, labor, and human rights. As a solidarity city, Jackson would develop green self managed cooperatives along with a network of mutual aide programs. It would also develop as a sustainable city that would have community energy production and ecologically regenerative institutions. To ensure economic growth and a heads up on digital technology, the concept of a fab city meant that it would have a network of 3D print factories. Cooperatives would ensure that the city would be building worker power and it would also have a human rights institute to ensure that the municipality upheld these visions through internal policies. Although these visions of the future of

Jackson may seem idealistic, it was important for organizers to envision a thriving city future where various aspects of exploitation were accounted for to ensure the success of the city and its residents.<sup>88</sup>

Due to the untimely death of Mayor Lumumba in 2014, the Jackson-Kush Plan was created as a reaction to the absence of support from the municipal government. From here, Cooperation Jackson grew to look towards a solidarity economy and support from the community rather

**“...one of the admirable features of labor self management is its commitment to placing the power of economic self determination in the hands of the worker cooperators**

**- Mayor Lumumba**

than the support of the local government. Cooperation Jackson was meant to grow the network of worker cooperatives, community land trusts, urban farms, and incorporate mutual aid practices. By creating a system of sustainability where people could live, grow food, and have their basic needs taken care of by each other, a vision of emancipation was set forth.<sup>89</sup>

Organizing and developing community capacity to understand the goals of Cooperation Jackson is essential to having a successful plan. Class

exploitation prevents workers from having the time and resources to learn about the larger oppressive systems that they work under. The Jackson-Kush Plan organizes people to address their needs and take ownership of the demands that they make. Being able to be the self determinants of the projection of their city ensures that they can commit to projects that are longer term. The community behind the Jackson-Kush plan uphold that cultural changes occur before political changes and therefore the attention should be focused on developing the individual worker to change the culture of thought around labor and their role in the economy. Organizing strategies involved education and development programs that could serve as catalysts for creating cooperative solidarity economies.<sup>90</sup>

The growth of worker consciousness is essential to build a movement led by workers that seek alternatives to capitalist exploitative work systems. Movement leaders in Jackson want to build the political and social understanding of the community by integrating the intersections of gender, race, and class as a foundation for the solidarity economy. Building the capacity of civil society, creating an assembly system of government, and rejecting economic actors that are currently exploiting workers in Jackson, became essential to the work of Cooperation Jackson.<sup>91</sup> These steps towards a just economy as explained by Mayor Lumumba were to "Educate. Motivate. Organize."<sup>92</sup> He also explains that "one of the admirable features of labor self management is its commitment to placing the power of economic self determination in the hands of the worker cooperators."<sup>93</sup>

schools when learning about economics

- Add social economy and labor self management courses in Jackson's colleges and universities
- Have colleges and universities train students on how to build their own cooperatives and labor self management models<sup>94</sup>

Restructuring the economic climate to benefit workers is no easy task. The movement leaders of

Jackson, Mississippi understand that organizing to change worker consciousness, develop communal care, and seize the means of production will be a long lasting campaign. What we can learn from the case in Jackson are the strategies that can be taken to build social economies and labor self management for workers to be the agents for the change in their living and social conditions. Jackson-Kush Plan lists that to advance worker cooperatives and the social economy the following steps can be taken:

- Office of Economic Development includes worker cooperative educators
- Professional development education for all city personnel to understand worker cooperatives
- Educate institutional actors of the benefit of supporting and purchasing from worker cooperatives
- Labor self management and social economy workshops for city officials
- Public education campaign to teach about social economy, worker cooperatives, and labor self-management
- Create worker cooperative and labor self management education program with help from U.S. Worker Cooperative Federation and other educators
- Three year social economy and worker self management education project in elementary, junior, and high schools
- Teach social economy and labor self management in elementary, junior, and high

## The Case for Reparative Goods

In the scope of this research, public goods are primarily defined as those managed by public entities such as the federal government, the state of California, the Los Angeles School District, and the Los Angeles Community College District funded often through taxpayer dollars. These entities are complicit in regressive uses of these funds meant to serve everyone. LAUSD's massive debt payments bolster private equity offices. Black students face carceral state violence in schools from LASPD officers diddly with limited access to counselors and mental health resources. Reparative public goods are a vehicle to address white supremacy, state violence, racial capitalism and repair the damages of these racialized, intersectional harms.<sup>95</sup>

Publicly funded resources must deliberately build towards a future world "without prisons and policing," but instead with "housing, healthcare, and education," creating new possibilities of thriving for BIPOC people.<sup>96</sup> This requires an intentional investment in funding, processes, and programs that center care, expand access to vital resources, and engage and build community and leadership. The Hawaii State Commission on the Status of Women's *Feminist Economic Recovery Plan for COVID-19* points to an example of investing federal stimulus funds in social service and care-based programs while also seeking to raise the minimum wage to "redress critical economic inequalities" of women.<sup>97</sup> This section explores possibilities in public funding and

programs to repair harm for the common good. Supporting reparative public goods accomplishes a dual objective: dismantling the oppressive tools used by the State to disproportionately harm communities of color while creating and reshaping programs to reinvest in and empower communities of color. We propose five reparative public good approaches that address municipal funding, public health, education, power building, and wealth building. Each of these approaches addresses critical needs, but building bonds between all these approaches would cultivate the feedback effect necessary to ensure long-term sustainability.

## Municipal Funding

*The Federal Reserve should make long-term zero-cost loans available to all state and local governments and government agencies in the United States*

The municipal finance system as constructed purposefully redistributes resources from communities of color to financial institutions. Wall Street banks charge municipalities much higher interest rates than those corporations pay, yet municipal debt is much safer than corporate debt. For example, according to the credit rating agency Moody's Investor Service, the cumulative ten-year default rate for municipal bonds between 1970 and 2019 was 0.16%, compared with 10.17% for corporate bonds. Narrowing the focus to Aaa-rated corporate bonds, which is Moody's top rating, the cumulative ten-year default rate was 0.36%, more than double the

default rate for all municipal bonds.<sup>98</sup> Considering how safe municipal bonds are, the interest rates charged by financial institutions are unjustifiable. Wall Street banks and the lending power they wield perform an important function in the serif economy by extracting public wealth and enforcing municipal austerity.

Municipal borrowing is a basic element of financial infrastructure that all state and local governments need to effectively manage their cash flow. The federal government could provide this financial infrastructure to state and local governments without spending any money if the Federal Reserve would offer municipal borrowers long-term, zero-cost loans. However, because the Federal Reserve refuses to do this, taxpayers are at the mercy of the financial markets, which are designed to generate a profit for Wall Street banks and investors in municipal bonds.

*The Federal Reserve must use its vested authority to support a new municipal finance system.*

The Federal Reserve can repair this predatory system by making long-term, zero-cost loans directly to all state and local government borrowers in the United States. By lending to state and local governments directly without charging interest or fees, the Federal Reserve would save them the expenses of hiring financial advisors, paying fees to bond underwriters, and, most importantly, making interest payments to bondholders. For example, the following public bodies spent millions and billions of taxpayer dollars on interest payments rather than services.<sup>99</sup>

- State of California: \$6.1 billion spent in 2018
- City of Los Angeles: \$1.1 billion spent in 2019
- Los Angeles County: \$179 million spent in 2019
- Los Angeles Unified School District: \$421 million spent in 2019

The Federal Reserve has the statutory authority to lend to municipal borrowers. Under the Federal Reserve Act, the central bank could extend loans for a period of up to six months, which could be extended every six months to effectively mimic a long-term bond. The CARES Act authorized additional powers by granting the Federal Reserve permission to make up to \$500 billion in indefinite, long-term loans to municipal borrowers. However, the Federal Reserve has refused to use this authority to the full extent permissible by law. After refusing to lend directly to cities, states, and territories for years, the Federal Reserve finally launched the Municipal Liquidity Facility (MLF) in response to the CARES Act. Yet, the current terms of the MLF are designed to discourage municipal borrowers from seeking loans from the Federal Reserve, undermining the purpose of these programs and maintaining the status quo arrangement of municipalities engaging in the predatory municipal bond market.<sup>100</sup>

The Federal Reserve has the power to address racial inequities by supporting state and local governments that serve higher concentrations of people of color, who are more likely to have to pay higher interest rates than governments that serve whiter communities. By permanently offering state and local governments long-term, zero-cost loans, municipalities could take out new loans to pay for long-term capital projects to make

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infrastructure more resilient without having to pay any fees or interest, dramatically reducing the cost of future borrowing. Municipalities would also refinance all existing debt into new interest-free loans allowing cities, counties, states, territories, and government agencies to cancel nearly all of their existing interest payments and invest that money back into community services and infrastructure.<sup>101</sup>

## Public Health

*Center whole-person care with flexible wrap-around services to reinvest in communities disproportionately affected by the public health crises.*

A reparative public healthcare system directs resources to redressing the trauma inflicted by white supremacy, state violence, and racial capitalism. A healthcare system designed to prioritize whole-person care with wrap-around services is a path towards repairing the damages of these racialized, intersectional harms. Whole-person care recognizes that people's social, emotional, economic, and environmental conditions affect their health, so the care management system must coordinate health, behavioral health, and social services to improve health outcomes.<sup>102</sup> However, for whole-person care to be effective, comprehensive, flexible, and well-funded wrap-around services must be available. These services enable the care management system to direct resources towards redressing harm and improving health outcomes.

With these changes, CalAIM reflects a vision that managed care is uniquely positioned to effectively and efficiently manage not only the basic health care needs of Medi-Cal beneficiaries, but also many of their broader social support needs as well. Through ECM and ILOS, CalAIM would authorize and fund managed care plans to provide higher levels of care coordination and an expanded array of nonmedical benefits. Through these new benefits, for example, CalAIM vests MCPs with tools to better identify and address their members' housing needs by paying apartment rental deposits, nutritional needs by providing medically tailored meals, and

year reform plan known as California Advancing and Innovating Medi-Cal (CalAIM) that will introduce significant structural and policy changes in the Medi-Cal program. Two particular benefits that can support a reparative healthcare system are Enhanced Care Management (ECM) and In-Lieu of Services (ILOS). ECM provides a whole-person approach to care that encompasses both medical and non-medical needs of high-risk/high-need beneficiaries enrolled in managed care plans (MCPs). Meanwhile, ILOS would empower MCPs to provide flexible wrap-around services that address medical or social needs with the expectation of avoiding more costly services like inpatient hospitalization. These benefits were previously available on a county by county basis, and the whole-person care benefit was a pilot program that was expiring. Now, with CalAIM these benefits are permanent and offered statewide through MCPs. Also by offering them through MCPs, these benefits may serve approximately 82% of Medi-Cal beneficiaries.<sup>103</sup>

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California is implementing a comprehensive multi-

home-environmental needs by installing ramps or employing asthma remediation services. Also, by shifting the funding source of ECM and ILOS from local sources to the State's General Fund, the State is assuming direct responsibility of funding these benefits and supporting their expansion.<sup>104</sup>

However, there are concerns, specifically pertaining to CalAIM's reliance upon MCPs and the increased responsibility they have in delivering healthcare. For example, questions have been raised about the extent to which managed care plans are meeting their core responsibilities of ensuring access to high-quality, appropriate care, particularly in the area of prevention.

With CalAIM adding new responsibilities onto managed care plans, how they balance their new responsibilities while meeting their core responsibilities is a serious question. Additionally, the success of CalAIM depends on managed care plans' ability to marshal community resources to serve the broader, nonmedical needs of their members. To what extent will MCPs continue working with existing community-based providers currently providing Whole Person Care and Health Homes services or will they choose to bring certain services in-house.<sup>105</sup> An additional concern is that the Department of Health Care Services (DHCS) estimates that approximately 1% of MCP enrollees will receive ECM benefits, raising questions about how MCPs intend to offer and grow these benefits.<sup>106</sup>

CalAIM represents a shift in responsibility for the delivery of whole-person care and wrap-around services, which present new opportunities but demands careful scrutiny. Nonetheless, by

extending and expanding these benefits, CalAIM believes that to provide quality care health care, health care systems must treat the societal issues affecting individuals. For communities that have been disproportionately affected by disinvestment and public health crises, these benefits establish the foundation upon which a reparative health care system is built. Through CalAIM, state and federal Medicaid funds can invest in frontline, pandemic-impacted, and disinvested communities; administer whole-person care to the 13 million California residents receiving Medi-Cal; and establish the framework to dismantle systemically harmful ecosystems.

## Education

*Develop networks of community schools in school districts serving predominantly low-income BIPOC students.*

Community schools are public schools that partner with families and community organizations to provide well-rounded educational opportunities and supports for students' school success.<sup>107</sup> They are "both a strategy and a place. A strategy for bringing together educators, families and community stakeholders to attain collective impact; a place where the community gathers to support the education of its children and youth and a place through which its young people are connected to learning experiences across the community."<sup>108</sup> Networks of community schools operating in concert with strong district support have been successful in "reducing absenteeism, improving health and well-being of students and

their families, and increasing the rates of high school graduation and college attendance."<sup>109</sup>

Community schools are successful because they practice whole-person care with wrap-around services to support their community. They provide physical and behavioral healthcare, enhanced academic support, and opportunities for student leadership growth. They extend educational opportunities to adults and coordinate resources for supportive services such as food banks.<sup>110</sup> They nurture connections between teachers, students, their families, and their communities, and develop relationships built on trust, respect, and student success. In effect, community schools "act as the catalysts for a virtuous cycle that incorporates not only expanded educational opportunities for students, but also measurable improvements in wellbeing and stability for entire neighborhoods."<sup>111</sup> By empowering schools to foster a healthy, economically stable, and safe community, the public education system transforms schools into reparative public good hubs.

Working to put the community schooling model into practice, the Coalition for Community Schools, in partnership with the Center for Popular Democracy (CPD) and the Southern Education Foundation, have outlined six key elements that the most successful community schools have incorporated into their long-term strategic plans<sup>112</sup>

1. An engaging, culturally relevant, and challenging curriculum
2. Emphasis on high-quality teaching, not high stakes testing

3. Wraparound support services for students and families
4. Positive discipline practices, such as restorative justice
5. Authentic parent and community engagement
6. Inclusive school leadership committed to the community schools model

The challenges facing community schools are funding and implementation. California funds community schools through the California Community Schools Partnership Program (CCSPP). Districts across the state apply for grant funding through CCSPP, and the program prioritizes high-poverty schools that demonstrate the need for integrated services. However, CCSPP funding is insufficient and many community schools depend on support from private philanthropies. In addition, sustainable public investment can be difficult to secure, as detailed in the regressive spending section of this report. Ongoing support from public agencies and funders, especially for technical assistance, is also critical.<sup>113</sup>

Implementation is challenging because community school success depends on each school's ability to forge deep, lasting relationships with the surrounding community. Schools must typically spend a year conducting needs assessments and reaching out to local partners before beginning to serve as a community school. CCSPP has conducted two grant cycles with LAUSD's first grant distributed across 11 elementary schools, one middle school, and five high schools.<sup>114</sup> The second grant funded nine additional elementary schools, two middle

schools, and two high schools. The schools that received funding are listed in Appendix A. Of the 30 schools that received CCSPP funding, LAUSD West District was the district with the highest representation with 11 schools. The Northwest District with only two schools was the district with the lowest representation. Table 7 offers a breakdown of the number of schools that received CCSPP funding by district region and Appendix B includes a map of the district regions of LAUSD. Future analysis should focus on the equitable distribution of these funds, and how technical and programmatic support can be of use to schools in the Central, Northwest, and South Districts, which have the lowest representation.

**Table 7. CCSPP funding by LAUSD district region**

District Region	# of Schools
West	11
South	3
Northwest	2
Northeast	4
East	7
Central	3
Total	30

Source: Community Schools Initiative. LAUSD. LAUSD Cohort 1 & 2. <https://achieve.lausd.net/Page/17394>

## Power Building

*Strengthen civic infrastructure that builds the power and capacity of marginalized communities*

An empowered and well-funded civic infrastructure is the foundation upon which a communities' public health, education, and wealth building programs are built upon. State and local governments should prioritize funding the following elements of essential civic infrastructure to build power and capacity within marginalized communities.<sup>115</sup>

- Invest directly in the grassroots, community-based organizations that have a track record delivering needed services to underserved and marginalized residents, including organizations focused on organizing tenants and workers to advocate for their rights.
- Invest in effective intermediaries who have the capacity to administer larger programs and deliver resources to smaller, community-based organizations that can deploy them in underserved communities.
- Fund participatory budgeting processes that focus on directly engaging traditionally excluded communities in selecting investments.

A program local governments should prioritize that offers direct and ancillary support to all these elements is a grassroots outreach workers ("promotoras") program. Promotoras are community advocates who raise and represent the needs of their community members. They act as liaisons between their communities and local governments. By monitoring local governments and connecting community members to services, they provide a critical service to their

community. For local governments to support civic infrastructure they must build trust with their community and promote a key to their work. A staff member from Mission Economic Development Agency (MEDA) described promotoras as such, "The promotoras represent the people we serve in our community. They are the mothers, the workers, the caregivers, the activists and changemakers."<sup>116</sup> By supporting promotoras, local governments are nurturing the heart and soul of communities.

Local governments can support promotoras programs by either creating their own programs and hiring promotoras as public sector employees and/or funding community-based organizations that staff promotoras such as MEDA. Hiring promotoras from communities disproportionately impacted by the pandemic is critical to achieving a racially just recovery and building local power. State and local governments at an unprecedented number of jobs during the pandemic, and these jobs disproportionately harmed workers of color, who make up an outsized share of the public sector workforce.<sup>117</sup>

By establishing and expanding the promotoras workforce, new, living-wage jobs are created that deliver on community infrastructure and care needs and are accessible to disadvantaged workers. Also a strong promotoras program, would support power building between labor unions and community organizations working to advance Bargaining for the Common Good demands.

“

**The promotoras represent the people we serve in our community. They are the mothers, the workers, the caregivers, the activists and changemakers.**

-Staff member from Mission Economic Development Agency (MEDA)

”

## Case Study: Mission Economic Development Agency (MEDA) promotoras program<sup>118</sup>

MEDA is a nonprofit organization based in San Francisco's Mission District that predominantly serves low-income Latino families, workers and small businesses. MEDA began recruiting community members as grassroots outreach workers, or promotoras, in 2016 to serve as on-the-ground liaisons between local residents and MEDA programs. Embedded in school- and community-based sites across the neighborhood, promotoras offer assistance to local residents by providing information, offering supportive services and/or directing clients to services offered by MEDA's coaches and community partners.

Key contributions and achievements of the MEDA promotoras during the pandemic

- Promotoras assumed several essential roles within MEDA's pandemic response programs, such as providing direct services to community members.
- As local residents and native Spanish speakers, promotoras engage their neighbors in culturally affirmative ways, building trust and inviting more clients to seek services
- Promotoras have been essential in advancing MEDA's service partnerships with other city and community agencies, enabling MEDA to address more of their community members' urgent need
- Promotoras' wide-ranging work during the pandemic has established and expanded their roles as trusted local leaders

- Promotoras have become proficient in MEDA's service delivery and data systems, and have bolstered their own professional development as skilled service providers
- The promotoras program is an enriching opportunity for local residents who are passionate about supporting their fellow community members
- As engaged members of the community, promotoras help MEDA develop a better understanding of the different needs and challenges of MEDA's service population
- By taking on several roles during the pandemic, promotoras have been pivotal in supporting MEDA's staff within a highly stressful work context
- Promotoras are MEDA's frontline community liaisons, and uphold MEDA as an accessible, trustworthy resource for Latino families

## Wealth Building

*Stabilize and grow businesses owned by people of color and immigrants*

Cities should develop comprehensive strategies to achieve equity in contracting and procurement, which could include setting equity targets for minority-owned business enterprises (MBEs) and disadvantaged business enterprises (DBEs), streamlining certification processes, breaking up large contracts into smaller subcontracts, helping subcontractors grow into prime contractors, and removing onerous financial burdens for small businesses. Anchor institutions, such as hospitals and universities, can also collaborate with city leaders to establish local procurement programs with robust equity targets.<sup>119</sup>

*Expand the scope of workforce development agencies to permanently provide the critical non-traditional services they offered during the pandemic*

Workforce development agencies responded to the pandemic by expanding their scope and providing non-traditional services. In Los Angeles County, WDACS offered a workforce-based grant opportunity to small businesses, created temporary employment for displaced workers in humanitarian efforts, and provided immediate and expanded work-related support for displaced workers to help with basic needs such as rental payments and food.<sup>120</sup> These services offered critical support to small businesses and workers and should remain as on-going programs. With additional funds to expand these services,

workforce development agencies can support minority populations that were disproportionately impacted by the pandemic find stability.

# Case Studies of Community Power for a Just Recovery

"We're not teaching students to prioritize joy and walk in their purpose and that's where the definition of success needs to change. Success needs to look like joy." - Dranae Jones, Students Deserve & LAUSD Teacher

The current political moment requires attention and listening to the groundbreaking working of

**“**We're not teaching students to prioritize joy and walk in their purpose and that's where the definition of success needs to change. Success needs to look like joy.

-Dranae Jones, Students Deserve & LAUSD Teacher

## Case Study: UTLA Strike of 2019

The UTLA strike in 2019 demonstrates the power partnerships between labor unions and communities possess. This partnership built and sustained a six-day strike that brought teachers, students, and parents together to hold the picket lines. It was a strike that held strong when LAUSD offered teachers a pay increase with UTLA's members rejecting the offer since it ignored the broader coalition's demands. This case study focuses on the leadership approach, community-building processes and organizational investments which built the groundwork for a strike with the

organizers in Los Angeles. Through their struggles for community power, we are witnessing a major reshifting in how we participate in organizing while remaining socially distant, yet connected. The following section deepens our analysis of building community power by honoring the strategies that have already been utilized by community members, specifically UTLA union

members and students in the Los Angeles Unified School District. Through intentional interviews and conversations with grassroots organizers, we build an understanding of their strategies and share models of community resilience and digital organizing.

intention of offering labor unions and community organizations a model for building coalitions and developing successful campaigns that are prepared to strike.

### Visionary Leadership: Community and Educational Justice-Focused

The transformation of UTLA from a one-way and weak "service" model to a dynamic organizing model that engaged members, connected with the community, and used collective power as its foundation occurred in 2014 with a new leadership board. They were committed to take on the fundamental issues of institutional racism,

public investment, and the impact of privatization on the district's ability to serve its students, and they embarked on a complete reorganization of the union and its approach to the work.<sup>121</sup>

The union increased face-to-face communications with members, expanded school-based structures, and created a Research and Analytics Department to track member contacts. The union was asking its members what they believed was important in their schools, for their students, and in their communities, and giving them the opportunity to engage not just in the union, but in a larger vision of education justice.<sup>122</sup>

UTLA also forged a coalition with three organizations: the Alliance of Californians for Community Empowerment (ACCE), the Los Angeles Alliance for a New Economy (LAANE), and Students Deserve. This labor union and community organization collaboration became Reclaim Our Schools LA (ROSLA). Together, they agreed to build a movement for broad-based education reform that would engage teachers, students, parents, and community members and build power to force real change in LAUSD. The coalition saw the union's collective bargaining process as an opportunity to fight for broader community-based demands, a strategy called "Bargaining for the Common Good". It was this strategy that fundamentally transformed UTLA's contract negotiations into a citywide public referendum on educational justice.<sup>123</sup>

### Labor and Community Partnership: Reclaim Our Schools LA

The formation of ROSLA created the labor/community vehicle to complement a transformed and systematically-organized union for a long-term, strategic fight. The cornerstone of the campaign was the agreement by each anchor group on several key practices:

- The development of a shared analysis, strategy, and platform
- A commitment to leadership development and grassroots voice
- A systematic and scientific approach to organizing
- Bold, escalating action

The ROSLA partners knew that it was critical for

ROSLA focused on the long-term work of building relationships in the community and bringing the community together to develop a vision for public education. The steering committee spent months developing their understanding of each other's organizational cultures, building trust, and enforcing discipline as they moved forward. They also spent more than a year creating a plan for a multi-faceted campaign to defend public education. To plan this campaign and the vision supporting it, ROSLA organized a series of community forums in different parts of the city to bring together parents, teachers, and students to help define the issues to be included in UTLA's bargaining platform.

The meetings helped reinforce growing trust between community members and the union.

Rank-and-file members and officer representatives from UTLA's bargaining team described to the community how they intended to introduce

community demands into the bargaining process, and listened to the issues raised by parents and students. The town halls also provided an opportunity for ROSLA leaders to present their analysis of the political climate and causes of the District's austerity and see if their messages resonated with participants. Based on feedback from community forums, union member surveys, and the research that validated its analysis, ROSLA worked with UTLA to build a broad Common Good platform for bargaining. As the Common Good bargaining package was developed, and as the community organizing work deepened, ROSLA grew.<sup>124</sup>

Finally when the strike arrived, ROSLA organized a daily "Action School" as a way to engage and mobilize parents and students across the district to not only march with the teachers, but to expand the range of mobilizations and support efforts. The idea was to bring together a consistent set of leaders from across organizations for intensive reflection, planning, and education on a daily basis during a time of intense action. The experience in other organizing drives had created strong solidarity across organizations and built individual leaders with a commitment to strategic action. In Los Angeles, the daily leadership sessions became known as "La Escuelita de Lideres" (leadership school) and launched on the first day of the strike. Each day, some 50-75 teachers, parents, and students came together at the UTLA offices, where child care and food was available. A typical "Escuelita" day began on

the picket lines in front of neighborhood schools. Around noon, the group would gather to reflect on the previous day's activities and participate in political education sessions. The participants talked about the issues still on the table with the district on any given day of the strike. They learned about how schools in California are underfunded, and the systemic reasons behind this. In the afternoon, they planned direct actions to keep their issues in the public eye throughout the strike.<sup>126</sup>

### UTLA Invested in Organizers and Infrastructure

As ROSLA was releasing its platform A Vision to Support Every Student, UTLA membership approved a 30 percent dues increase enabling the union to add research and communication capacity, hire a community organizer, and increase school site and legal support for members. With a second experienced organizer and strengthened infrastructure, UTLA focused on organizing parents. This was new for UTLA and nearly unheard of at other unions across the country. The organizers envisioned having a teacher at each school who would serve as a Chapter-Parent Action Liaison (CPAL). Working with rank-and-file leaders, they began to recruit teachers for the role and train them in basic grassroots organizing strategies. They talked about how to reach out to parents, how to listen, how to conduct "one-on-ones" (individual conversations aimed at identifying specific concerns or ideas). The goal was to develop a small core of parents at each school building, and to engage them in the broader citywide organizing, or at the school level on specific

school-based issues like co-locations. The union's parent organizing efforts revealed a few challenges. Primarily, how does a membership organization of teachers—the union—grow and sustain a constituency—parents—without having a formal organization for them to belong to? Through this work, a new model emerged that combined parent initiative and parent membership organization, with close affiliation with the union and the broader labor/community alliance.<sup>127</sup>

With the additional funding to expand research and communication infrastructure, the Communications staff shared educational materials with union members in a weekly email. There was constant outreach through social media, and teachers who were active on social media were identified and targeted for collaboration. Between 2015 and 2018, the union built a massive social media network that delivered information to union members, news media, and the broader public about the bargaining process, the common good demands, and the fight against privatization. Specific messages were driven into regions of LAUSD where they were most salient.<sup>128</sup>

UTLA's Research and Analytics Department created a sophisticated database, which was used to target alerts and messages across the city. The database included community organizations and parents, as well as UTLA members. Through controlled access and data-sharing agreements, a representative from each of the ROSLA anchor groups had access to portions of the database and its immense capacities. In the weeks before the strike, ACCE organized daily canvasses

outside schools in targeted areas. Canvassers talked to parents about the possibility of a strike and gathered contact information for those who wanted to be kept informed. These parents' names were subsequently added into the central database to receive updates and alerts. The union and ROSLA used the text-based platform Hustle during the strike to provide rapid-response information and instructions.<sup>129</sup>

### Key Findings

The 2019 UTLA strike demonstrated the power of fighting for community demands to build labor-community power. UTLA leadership built strong relationships with community groups, parents, teachers, and students. The union centered these voices and built leaders through the collective bargaining process. They engaged in a long struggle with the district, spending more than two years before the strike planning their defense of public education with Reclaim Our Schools LA. The union's investment in hiring experienced organizers to develop a strong community organizing network was also critical to the strike's success.

### Victories Won from Strike<sup>130</sup>

- More nurses, counselors and librarians in schools
- Smaller class sizes
- Funding for the development of Community Schools
- Reductions in standardized testing
- An end to random searches of students in some schools
- 6 percent pay raise for teachers
- Concrete vehicles for public schools to organize against charter co-locations
- Commitments for more green space on campuses
- Support for immigrant students and additional educational supports for ethnic studies
- Improvements in early education and adult education
- Support from the LAUSD school board for stronger regulations on charter schools
- Improvements in special education and guaranteed work spaces for mental health professionals
- Commitments from the Mayor and the LAUSD school board to join the fight for greater investment in the district's public schools, and to support a November 2020 ballot measure challenging Proposition 13
- A commitment from the Governor to explore improving special education, and health and human service funding mechanisms that have short-changed LAUSD historically

### Key Lessons Learned from the Campaign & Strike<sup>131</sup>

1. The Power of Labor and Community United: Efforts to bring teachers and communities together to reclaim our public schools are more important than ever
2. The Power of a Transformed Union: The leadership's vision of engaged and mobilized members, a deep commitment to social justice and broad educational change (not just a focus on wages and benefits) required the union to restructure from the inside out. Also, the union's efforts to reach out to other progressive organizations and movements in the city, including Black Lives Matter, the immigrant rights movement, and others was key.
3. Taking the Time to Build a Shared Analysis and Strategy: ROSLA leadership spent months building a shared analysis of the state of public education in Los Angeles and agreeing on a strategy. That process began with an agreement that the development of parent, teacher, and student leaders would be a key component of the campaign, and that these leaders must have the final voice in determining campaign direction.
4. A Commitment to Being Bold and Going on Offense: The ROSLA partners called for an end to rearranging deck chairs: LAUSD students needed support, the district needed significant new investment, and the school board needed to join that fight at all levels, they insisted. The campaign's demands were big and unapologetic.
5. Using the Collective Bargaining Agreement as a Tactic: By utilizing a CBA model, the union refused to confine their demands to the accepted "scope of bargaining" called for by the district. Many of the most transformational victories won through the collective bargaining campaign were outside the defined scope of bargaining.
6. Understanding the Science of Organizing: Created rapid feedback loops to test messages and how they resonated with their own members and with the general public.
  - a. Thousands of one-on-one meetings, parent meetings, and popular education sessions were held—and tracked.
  - b. Members were pooled.
  - c. Structures were created that empowered rank-and-file members to lead in one-on-one organizing, lead in strategy, learn, and lead more.
  - d. Tasks were set to test new leaders and give them experience.
  - e. Social media was used to draw people in, elicit feedback on demands, and drive out the messages.
7. Student Voices Matter: Student played a critical role during the strike and those voices were nurtured over the years preceding the strike.

## Case Study: Students Deserve

Beginning as a coalition of teachers in the Los Angeles School District, through the Coalition for Educational Justice, Students Deserve is now a student-led movement that is elevating the needs of Black students throughout LA. This coalition of educators saw the need for teacher and student advocacy to raise awareness and organize to uplift the disparities that Black students in the district were experiencing. Racial inequities that were negatively impacting Black students and students of color were at the center of both teacher and student organizing. Now, Students Deserve is spread throughout 30 high schools in LAUSD and has led many successful campaigns. Most recent and most notably, has been the elimination of police from school campuses which has given the means to reallocate millions in funds to fund thriving futures for Black students. Students Deserve demonstrates that by having a common set of demands, using the current political climate, and harnessing the potential of digital organizing, public funds can be redistributed to serve students directly and not policing.

Through an interview with Kahlila Williams, a student leader and Dranae Jones, a teacher, for Students Deserve, we were able to gather the perspective of the moments and organizing that became possible to lead successful campaigns. The police killings of Black Americans, including the vicious murders of George Floyd and Breonna Taylor in 2020, coupled with the pandemic, sparked a global conversation and reflection of the use of police force to restrain and surveille Black citizens that has too many times led to

trauma and death. Students Deserve aligned themselves with the Black Lives Matter platform which called for an end to police presence in schools. This organization of teachers and students in LA was able to create an expansive list of demands that addressed each step of the school to prison pipeline. Students Deserve was able to achieve the:

- End of random searches that disproportionately affected Black boys
- No more use of pepper spray
- No ICE or police presence in district food distribution centers
- Universal passage; all students would receive passing grades throughout the pandemic
- Ending school police presence and defunding the school police by \$25 million

Students Deserve also took the initiative to make demands that span greater than their immediate school and safety needs. Learning about the carceral state and the history of policing and institutionalized dispossession, caused organizers to build campaigns to demand the:

- Cancellation of rent and evictions
- Immediate housing and healthcare for all
- The release of family members from prisons and detention centers

This is a powerful organizing strategy where community power can be built across sectors and workers that can combine their efforts to collectively incite institutional changes and reallocations of funds.

## Defunding LAUSD Police Campaign

The defunding of the school police movement is a strong example of the reallocation of regressive funds towards direct services. The removal of police in LAUSD saved 35% of their budget which equated to \$25 million and an additional \$11 million was provided by the district due to the heightened attention of the defund movement. Defund does not ignore safety but instead it examines that safety for the community looks like care, counseling, and restorative justice practices not traditional policing. Defund movements use funds that are used for policing that threatens the lives and safety of the most vulnerable communities and instead funds people's basic needs and promises of a good education. High school students in Los Angeles saw their demands met and despite having politicians and the school district themselves take credit for years of hard work, this group demonstrated the potential of community organizing during a global crisis.

This campaign is an example of collective action and organizing to reallocate public funds to community demands and needs. Students Deserve used the Black Lives Matter platform to highlight that funds that were allocated to campus policing should instead be used to advance the success of Black students. Through strategic organizing and the use of technology, social media, and the heightened awareness of the violence of policing, students successfully were able to champion the removal of police from schools. The struggle continues to ensure that policymakers are accountable for their decisions and that funds are properly allocated.

## Digital Organizing 2020

The impacts of Covid-19 gave organizers the opportunity to use online tools to expand their reach. Students Deserve grew their campaigns by using the political moment to harness collective interest in sharing information and resources. The use of technology to organize can be a powerful means to educate targeted audiences. Social media, along with the ability to be virtually present in spaces, gave way to more participation by both students and families to push campaigns and advocacy forward. Through an interview with a student and teacher organizer with Students Deserve, insight was given that the participation of general assembly meetings grew significantly. General assembly meetings grew from 10 - 20 people in attendance to 100 people actively participating and attending. Where before obstacles of transportation and capacity to move around after work, prevented families from participating in advocacy spaces, now they were able to login from home. Covid-19 and the safety and health of students was at the forefront of community concerns for LAUSD families. The involvement of families to keep up with the changing school regulations of Covid-19 also included them in conversations about policing and understanding how funds could be better used.

Accessibility also needs to be taken into consideration. Student online participation was facilitated by providing students with laptops, tablets, and internet access as needed. This allowed equal opportunity to participate in online forums and to share tools and media

as requested. The wider reach that technology provided allowed students to organize virtual walkouts, spread information about actions and invitation to events, and was able to involve more schools into the Students Deserve movement. Without equitable access to technology, tools, and knowledge, organizing becomes more difficult and exclusive. Student organizing movements have the benefit of being provided with the digital tools and ability to adapt and create changing social trends.

## What Can We Learn from these Strategies?

The case studies of UTIA and Students Deserve demonstrate that strategic organizing can be a powerful tool to reallocate funds and power to workers and community. These strategies model the steps taken to create organizing models that can be used across sectors to reclaim community needs. Through labor union and community partnerships, coalition building, ensuring the leadership of the represented community, and by committing to dismantle larger systems of oppression, public funds can be used in ways that are directly uplifting workers, families, and students.

Powerbuilding requires as many people as possible. The examples of UTIA and Students Deserve demonstrate the need to build alignment and a common platform with larger movements and community based organizations. Students Deserve supports the platform of the Black Lives Matter movement as a strategy to think global but act local. Having a centralized political platform where groups across the country can quickly mobilize around the same cause is an efficient strategy. They were also able to grow chapters across LAUSD as a means of understanding the collective struggle of Black students and other students of color throughout the district. UTIA built momentum by creating coalitions with community groups to showcase that the struggle of unions can be supported by local organizations and can become an example for powerbuilding across the country. Unions across sectors can build solidarity

# Recommendations & Conclusions

in proclaiming the need for public fund distribution to fund healthy and sustainable futures for all workers. A cross-sectoral worker led movement could highlight the collective need for all workers and create larger mobilization movements.

UTLA and Students Deserve's demands are beyond the local needs of their base and members. They understand the systemic issues that create massive resource gaps, underfunding of communities of color, and the exploitation of lower income students, families, and teachers. They are ambitious and take a powerful stance in making wider political demands that if achieved, would be a liberating force for people beyond the education sector. Demanding housing and healthcare for all, the cancellation of rent and moratoriums, and the dismantling of the carceral state by means of defunding the police grows the potential for organizing victories beyond one sector. Small scale victories tend to be long term fights. Students Deserve organizers achieved the defunding of school police and redistribution of those resources to fund Black students' education. They are still on the streets fighting to ensure that the district does not return school police to campus. UTLA is still fighting to ensure that their students and teachers' needs are being prioritized by school board decisions. Understanding that this is a longer term struggle also enables them to make demands that will require the impact of educators and workers in all sectors to work towards a common goal.

The impacts of Covid-19 and the racial uprisings of 2020 created a window of opportunity to expand digital organizing. Equitable access

to electronic devices and internet connection is imperative to ensure that people can learn how to access public forums and calls for mobilization and organizing. UTLA became a strong organizing force with meeting members and families face to face. Students Deserve grew their power by increasing their online presence by showcasing mobilizations, demands, and public meetings. Worker movements can use the age of digital organizing to become more inclusive and to reach more members. Through a strategic assessment of their member's knowledge and access to technology, workshops and resources can be allocated to ensure that the labor movement is also a strong digital movement.

Government investments increased rapidly in response to Covid-19, but not all of these investments have benefited workers. In the public education sector especially, regressive funding mechanisms and spending priorities produce inequitable, harmful effects on students, teachers, and their communities. These expenditures are a choice. Workers and unions can leverage their power to change public sector spending to build reparative public goods that benefit their communities.

Our findings point to opportunities to create this future. Unions, community organizations, and local government agencies all have a role to play. To reallocate public sector funds in service of a just, equitable, and sustainable future for Southern California, we recommend the following:

- Work for solidarity economies as a long-term investment.** By creating public structures that make it easier to participate in collective ownership, mutual aid, and ethical means of consumption, we ultimately work to make corporate profiteers obsolete and create more ethical means of production and sustainability.
- Integrate community concerns into organizing and bargaining campaigns.** Regressive spending leaves less money for students, harming their families and communities. Organizing efforts in education should unite spending debates with

community concerns whenever possible to build solidarity.

- Identify and eliminate regressive expenditures.** California insufficiently funds public education, but regressive education expenditures also harm students, teachers, and their communities. These expenditures are a choice. Workers and unions can leverage their power to change public sector spending to build reparative public goods that benefit their communities.
- Direct stimulus and other dollars towards public funds, resources, and programs that redress critical harm.** Intentional direction of public funds in these regenerative ways work to repair BIPOC communities through investing in child care, healthcare, equitable education, and mental health resources and divesting in policing.
- Apply a racial equity lens to all budget decisions.** As this research illuminates, present funding decisions took root in white supremacist systems of the past. Budget decisions must apply a racial equity lens as a guide to addressing austerity that limits the possibilities for BIPOC communities and reimagining the future.
- The Federal Reserve must use its vested authority to support a new municipal finance system.** Make long-term zero-cost loans available to all state and local governments and government agencies in the United States.
- Health care systems must treat the societal issues affecting individuals.** Through California Advancing and Innovating Medi-Cal (CalAIM), whole-person healthcare and flexible wrap-around services can be used to reinvest in communities

disproportionately affected by the public health crises.

- **Strengthen civic infrastructure that builds the power and capacity of marginalized communities.** State and local governments can fund and support grassroots outreach worker (“promotora”) programs to build power within marginalized communities.
- **Stabilize and grow businesses owned by people of color and immigrants.** Cities and anchor institutions should develop comprehensive strategies to achieve equity in contracting and procurement.
- **Expand the scope of workforce development agencies.** Workforce development agencies should permanently continue the critical, non-traditional services they offered to small businesses and workers during the pandemic.
- **Unions should center Bargaining for the Common Good strategies into the collective bargaining process.** Union leadership must commit to the long-term process of building partnerships with the community to center their needs. They must also invest resources into the community organizations they support and within their own organization to strengthen the community organizing network.

# Eco- Transformative Economies for Solidarity

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## Introduction

The precarity induced by the Covid-19 pandemic occurred in tandem with other seismic environmental and social changes. The Los Angeles region, like many other urban cores around the world, entered a time of multiple crises in 2020. In March, the dynamics of Los Angeles's industry and development faced a marked shift when the Covid-19 pandemic brought the city to a halt. That month, Governor Gavin Newsom declared the emergency Stay-at-Home Order to restrict interactions between residents and mitigate the spread of the virus. At the height of the pandemic, the unemployment rate in Los Angeles County was 18.8 percent, compared to the average unemployment rate of 4.1 percent a year prior.<sup>1</sup> With much of California in lockdown, a high demand for energy on the state's grid system paired with an extremely dry climate led to the most devastating wildfire season in the recorded history of the state.<sup>2</sup> Thousands were left unhoused, as major urban and rural centers were left cloaked in thick smoke for weeks.<sup>3</sup>

As these health and environmental hazards persisted, Summer 2020 brought in a wave of global uprisings as a result of the murder of George Floyd by Minnesota police. Federal institutions and local governments came under increased scrutiny by the general public for upholding principles that advance the structural disinvestment and extraction from Black, Indigenous, and Communities of Color (BIPOC).<sup>4</sup> The interplay between health and racial injustices

and their impacts on BIPOC communities also revealed systemic injustices in labor practices, as Black, Indigenous and People of Color (BIPOC) and migrant communities bore a disproportionate burden of exposure to Covid-19 while working frontline jobs considered essential to society and the economy.<sup>5</sup> The electrical trades and garment manufacturing industries are two such industries that were 'essentialized' during the peak of the pandemic and whose backgrounds, impact, and response to Covid-19 will be examined in this section of the report.

Previous sections considered the wider implications and impacts of Covid-19 at state and national levels. This section will focus primarily on the Los Angeles Metropolitan region at a city and county level through the lens of policies and initiatives that create openings for a transformative future after Covid-19. As local policymakers consider the next steps towards an environmental, economic, and social recovery, there is a growing need for strategies that link sustainable achievements with innovative approaches for a just transition post-Covid-19. The pandemic has shed a spotlight on who is truly essential and offers opportunities for workers to leverage the reliance on their labor during the pandemic, for a fundamental shift in how labor and environmental issues are addressed.

Workers refuse the imaginings of a "Green Economy" that produces positive outcomes

The broad, politically-driven imaginings of carbon neutrality integrate the labor narratives only when labor is seen to be a contributor to the development of the green vision, and rarely consider how the green vision might be a way to invest in worker protection, by leveraging environmental policies to improve working conditions, expand workforce bases, and extend sustainability opportunities across sectors.

for transnational corporations while negating benefits to the local workers they employ.<sup>6</sup> Many specialized, essential workers have suffered weakened job security, if not job loss, and significant Covid-19 exposure through work. These workers are particularly vulnerable to the economic effects of Covid-19 because (1) they are highly specialized and therefore less likely to be able to adapt to new labor sectors, and (2) they risk their lives and livelihoods, and their family's lives and livelihoods, by laboring in unsafe working conditions on a daily basis.

Our research aims to identify pathways for a worker-centered, carbon neutral future, post-Covid-19, by framing our analysis through the lens of two frontline workforces in Los Angeles, electrical workers and garment workers. Through this narrative, we are able to examine how the two workforces and their associated industries do and do not align with the green vision so often put forward by leading environmental policies. While sustainability policies frequently reference green jobs and green economies, they often prioritize sustainable materials and innovative technologies rather than the workers who shape and create these climate futures.<sup>7</sup> The broad, politically-driven imaginings of carbon neutrality integrate the labor narratives only when labor is seen to be a contributor to the development of the green vision, and rarely consider how the green vision might be a way to invest in worker protections, by leveraging environmental policies to improve working conditions, expand workforce bases, and extend sustainability opportunities across sectors.

## Research Scope

In partnership with the International Brotherhood of Electrical Workers, Local 11 and the Garment Worker Center, we aim to address the green economy discourse and policy practices focused on the decarbonization of the economy, with high implications for inclusive workforce development opportunities and better working conditions. We aim to address the core question:

***As labor organizations mobilize to produce an equitable, sustainable, and labor-centered economy post Covid-19, how can local initiatives be reimaged to produce more jobs and better working conditions?***

We analyze multiple trends, strategic opportunities, and conditions through the lens of IBEW Local 11 and GWC that will affect both labor forces at the local level within Los Angeles County.

Electrical contracting and garment manufacturing are both unique industries with different needs, practices, and workforce backgrounds. While the state classified both electrical and garment workers as essential during the pandemic, workplace conditions before and during the pandemic greatly differ between the two sectors. For electrical workers a high demand for energy during stay-at-home orders and the added stress on the grid meant that union members continued working in person throughout the pandemic. The added energy demand burden on the electrical grid during lockdown and the reduction of vehicle

travel reinvigorated conversations around energy efficiency and electric vehicles in California. For garment workers, the lack of accountability and poor workplace conditions prior to Covid-19 exposed garment workers to the virus within confined factories lacking air circulation. For consumers locked down at home, the demand for fast fashion apparel greatly diminished, at a time when particularly younger generations are more conscious consumers, opting for higher quality sustainable products.

New challenges and opportunities are arising for workers in industries facing pressure to transition to more sustainable labor and environmental practices. Both IBEW local 11 and GWC are impacted by these ongoing conversations and the interconnected policies being proposed at federal, state and local levels aimed at decarbonizing the energy, transportation and manufacturing sectors. This report contextualizes existing discourse on just transition frameworks by describing how "green" initiatives have built and supported "green" opportunities for workers, and identifying the specific qualities that have made certain industries more leverageable.

## Research Outline

This report first provides an outline of our research methods. The report then describes the need for, and overview of, the Eco-Transformative Economies for Solidarity Framework, a framework constructed for this report that is employed throughout the findings and discussion sections of this report. After this, the report provides an analysis of both the electrical trade and the

garment manufacturing industries, and outlines several strategic opportunities, as suggested by our sectoral analysis and interview discussions, that can be used by our labor partners to better align themselves to Eco-Transformative Economies for Solidarity. To conclude, the case for centering workers in the just transition narrative is again described by reviewing collective themes relevant to the development of a clean, just transition for both electrical and garment workers.

# Methodology

For the purpose of the report, current trends and key policy recommendations were examined for both IBEW Local 11 and GWC. We use a mixed-methods research approach with both qualitative and quantitative analysis. The qualitative method consisted of literature reviews and interviews. The quantitative method was a combination of data analysis and spatial analysis. Data was collected from secondary sources such as IBISWorld, the National Renewable Energy Laboratory (NREL), Open Apparel Registry, UCLA Labor Center, U.S. Census Bureau American Community Survey (ACS), U.S. Bureau of Labor Statistics, and U.S. Department of Energy. A spatial analysis was incorporated in the Strategic Opportunities section where each case study is focused on local policy. Spatial analysis was conducted with geographic information systems (GIS) software, ESRI's ArcMap. Below, are the methodological descriptions of each research strategy: literature review, sectoral analysis, and interview, in turn.

## Literature Review

As a method to fully understand past and present conversations of sustainability, green new economy and related labor legislations, we conducted a literature review prior to beginning the project. From sustainability and climate topics the following reports were examined:

- Putting California on the High Road: A Jobs

- and Climate Action Plan for 2030,
- Los Angeles Sustainability Plan,
- Los Angeles City Planning Downtown Community Plan, Unincorporated Los Angeles County Community Climate Action Plan 2020 (CCAP) Implementation Ordinance,
- Title 22 Ordinance Amendment,
- UCLA Luskin Center for Innovation Economic Benefits of Energy Efficiency Programs report.

Additionally, we focused on the following labor legislations for both labor union groups:

- Assembly Bill 633 Labor Garment Manufacturing
- Assembly Bill 841 Energy

Through the examination of existing literature our research was informed by the successes and opportunities presented in each report.

## Sectoral Analysis

For the purposes of this research, we examine the industry landscape, labor force characteristics and political dynamics for both the electrical and garment (cut and sew) manufacturing sector, to identify how IBEW local 11 and GWC might be able to advance worker-led, just economies in ways that best fit their membership priorities. The findings presented in this report have been filtered to best represent the political underpinnings most

- We interviewed twenty-six representatives from

relevant for each organization to leverage, in their efforts to establish an alignment to regional "green" investment for their member groups.

We used the following NAICS throughout our research: 238210 Electrical Contractors & 31521 Cut and Sew Manufacturers. As defined by the U.S. Bureau of Labor Statistics, an electrician is a skilled tradesperson working in the construction industry who specializes in the design, installation, maintenance, and repair of power systems.<sup>8</sup> The NAICS code for electricians is broad which covers a wide range of professional sectors like residential, office building maintenance, commercial/industrial and residential construction. Similarly, there are three levels of certification levels for electrical workers: apprentice, journeyman, and master electrician. The Cut and Sew Manufacturers industry comprises establishments referred to as contractors primarily engaged in cutting materials owned by others for apparel and accessories and/or sewing materials owned by others for apparel and accessories.<sup>9</sup> As with any sectoral research, it is critical to recognize the roles industry formality and worker identities can play in the production of data. These limitations will be further described in the cut and sew manufacturers industry findings.

## Interviews

Interview subjects came from organizations including stakeholder groups of electrical workers and garment workers, researchers, businesses, developers, trade organizations, city officials, and sector-specific sustainability start ups and

organizations over the course of five weeks from April 26 to May 27, this purpose was to survey industry perspectives about barriers and opportunities for a labor-centered, sustainable economy. Each stakeholder was put into a category:

1. *Labor Advocates*: someone who actively works directly with industry workers and fights for their labor rights;
2. *Policymakers*: public officials who work on government based policies;
3. *Researchers*: someone who either works in consulting, research organizations, or educational institutions;
4. *Industry Leaders*: those who are main stakeholders in either electrical contracting or garment manufacturing.

The 26 interview subjects were divided across the four categories like so: 4 Labor Advocates, 8 Policymakers, 6 Researchers, 8 Industry Leaders. An interview guide was designed to pose questions about their scope of work, sustainability outlook, and professional input based on which category the stakeholder was put into (See Appendix A). These interview guides were designed to identify limitations of the just transition as it stands today, and to discuss industry-specific opportunities to produce Eco-Transformative Economies for Solidarity.

Interview subjects came from organizations including stakeholder groups of electrical workers and garment workers, researchers, businesses, developers, trade organizations, city officials, and sector-specific sustainability start ups and

consultants. Priorities and perspectives of these organizations vary widely, with some groups established to develop the green economy and/or the electrical sector, some concentrated on understanding the forces that influence the garment industry and its workers, and still others working to advance broader mobilization of labor or climate mitigation. Representatives from the following list of organizations were interviewed:

- All for Roman
- Blue Green Alliance
- California Workforce Development Board
- California Labor Federation
- Circular Fashion LA
- City of Los Angeles, Department of Planning
- City of Los Angeles, Department of Sanitation
- City of Los Angeles, Mayor's Office
- County of Los Angeles
- Electric Vehicle Infrastructure Training Program
- Garment Worker Center
- GNA Clean Transportation & Energy Consultants
- International Brotherhood of Electrical Workers, Local 11
- Los Angeles Economic Development Corporation
- LA OC Building Trades
- Los Angeles Business Council
- Los Angeles Department of Water and Power
- Private Labor Consultant
- Real Estate Developer, Los Angeles-based
- South Coast Air Quality Management District
- Sustainable Labor Manufacturers
- UC Berkeley Labor Center
- UCLA, Institute of Environment and

## Sustainability

- UCLA Labor Center

Multiple students participated in each interview with defined roles. While one student performed the interview itself, a second student or set of students took notes. At the end of every interview the group debriefed and coded for major themes in a common document for future reference.

# Eco-Transformative Economies for Solidarity Framework

Terms like green job, green economies, and green-new-deal-inspired language, are deeply contested terms with large implications for the future of labor in California and Los Angeles. In the development of plans and policies around sustainability which focus on the decarbonization of the economy, green terms are often used interchangeably and without clear guidance on who is considered. Public facing plans like the City of Los Angeles's 2018 "Sustainability pLAn," also known as the LA Green New Deal, lay out strategies and objectives for energy reliance and a green workforce, including increasing private sector green investment in Los Angeles by \$2 billion in 2035 and over 400,000 green jobs created by 2050.<sup>10</sup> The LA Green New Deal relies on the Bureau of Labor Statistics definition of green jobs as either:

- A. Jobs in Business that produce goods or provide services that benefit the environment or conserve natural resources [and/or]
- B. Jobs in which workers' duties involve making their establishment's production processes more environmentally friendly or use fewer natural resources.<sup>11</sup>

The proposed 2021 federal Build Back Better bill and other investments at a federal and local level in recent years point to a growing prioritization of sustainable production processes that meet growing energy demands while reducing Greenhouse Gas (GHG) emissions.

While these proposals and policies are meant to respond to growing trends around 'greening,' they can create a false impression that the green economy is exclusive to certain industries, or that its nascently is common across all sectors. California was one of the first states to implement solar technology, by investing in large scale public projects since the 1980s. By the building and trades standards of other U.S. states, California has some of the 'greenest' and most regulated in the country by the nature of their basic standard requirements.<sup>12 13</sup> Jobs and workforce development have for many years been working on the decarbonization of the economy and on investments towards renewable energy sources. Terms like green jobs or green economies create an impression of separate industries, when the reality is that green jobs are often the same jobs that have already existed and are embedded in long standing and diverse sectors. Electrical workers for example have worked in tandem with the growth of renewable energy sources, and are trained to work on solar panel plants as much as they are trained to work on wiring oil refineries. Likewise, a garment worker may work with materials considered 'sustainable' on the assembly line, just as likely as they are to work on a regular apparel line.

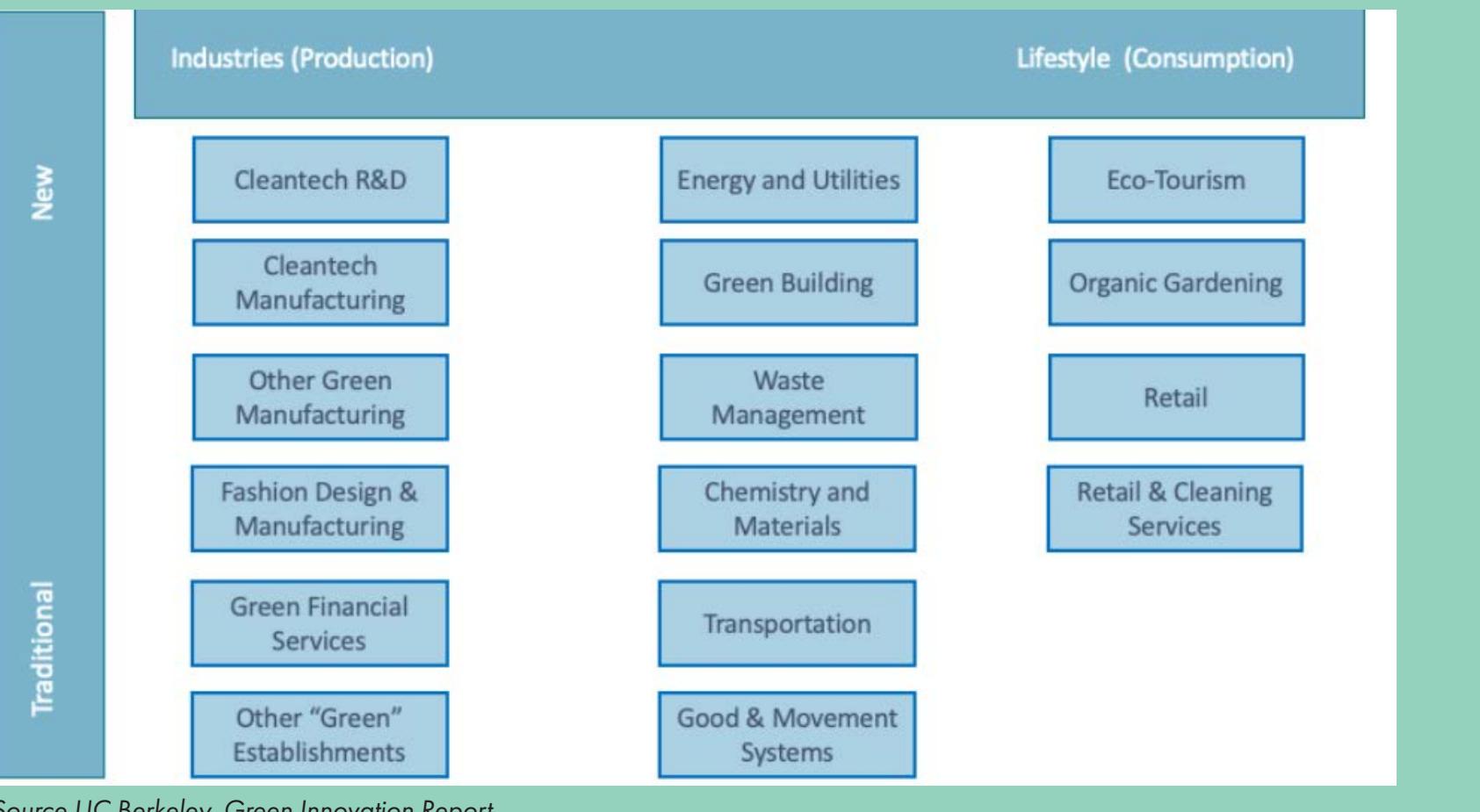
As shown in Figure 1, greening industries are not entirely about the new emerging innovative sectors, there is a growing market for existing products that consume less energy, are locally produced or improves the environment.<sup>14</sup>

Separately, terms like sustainability are used to describe a move towards processes that reduce greenhouse gas emissions including, but not limited to, the reduction of waste, increased energy efficiency, and improved renewable resources. They are normative in that they envision a future able to maintain the planet's resources while meeting the needs of its environment and population.

We have cultivated the term **Eco-Transformative Economies for Solidarity** to center our language explicitly on the necessity of a racially just and equitable path towards carbon neutrality with workers across sectors at the forefront of this process. Any proposal that ignores the interconnectivity of these issues will create a path towards "green" futures that only focuses on the production of particular materials without considering the workers.

Eco-Transformative Economies for Solidarity draws from the definition of an ecosystem as a biological community of interacting organisms and their physical environment, emphasizing not just the materials involved but the types of relationships developed among actors. In utilizing the term Eco-Transformative, we imagine not just a change to the type of materials being consumed and produced (the material and services being "greened") but instead re-envision the fundamental relationships between labor and consumption to metamorphize and address

Figure 1. Defining the Greening Industries



the harmful market practices and externalities that are at the root of interconnected social and environmental struggles. Eco-Transformative futures reject the return to a new normal and seek instead a transformative, new path forward for the network of communities, workers, and public and private actors that make up a shared ecosystem.

In grounding our normative vision around Economies of Solidarity, we draw from the International Labour Organization's definition of Solidarity Economies as "... [a] concept designating enterprises and organizations, in particular cooperatives, mutual benefit societies, associations, foundations and social enterprises, which have the specific feature of producing

goods, services and knowledge while pursuing both economic and social aims and fostering solidarity."<sup>15</sup> Eco-Transformative Economies for Solidarity draws from a collective movement of organizations and partnerships between labor and communities that establishes a just transition connecting environmental and social struggles while advocating and achieving a carbon neutral

and thriving climate future based on care and kinship.

In addition to the use of these terms our research centers on defining and identifying opportunities for a just transition in the move towards Eco-Transformative Economies of Solidarity.

We define 'just transition' as a workforce development process that prepares and transitions workers from high-carbon, high waste industries (or extractive economies) into decarbonized and carbon neutral sectors (regenerative economies) that establish and improve equitable and humane workforce conditions.<sup>16</sup> We define essentialized or essential workforces based on the State of California Covid-19 dashboard that lists and defines "Essential Critical Infrastructure Workers to help state, local, tribal, and industry partners as they work to protect communities, while ensuring continuity of functions critical to public health and safety, as well as economic and national security."<sup>17</sup>

These terms are useful not just for a normative grounding, but to work to counter practices of green-washing in policies that prioritize material change over people and socially just climate futures. A lack of clear, concise definitions enables the use of terms like greening and sustainability to justify changes that leave larger segments of the population behind, and grow racial, gender, and socio-economic inequities. In centering on Eco-Transformative Economies of Solidarity, proposals and policies like the Green New Deal can avoid the pitfalls of their predecessors in perpetuating systemic inequities while moving towards an inclusive and transformative recovery that does

not return to previous systems of inequity and economic oppression.

# Finding Pathways Toward Eco-Transformative Economies for Solidarity in Electrical Work

## The Eco-Transformative Landscape

The International Brotherhood of Electrical Workers (IBEW) represents a broad range of workers laboring in diverse industries, ranging from the electrical infrastructure of solar panel grids to petroleum refinery plants. Since the inception of renewable energy, IBEW members have worked on the development and expansion of sustainable energy infrastructures. IBEW members built the state's first solar projects in the 1980s built by unionized electrical workers.<sup>18</sup> As indicated through our interviews, IBEW's involvement in sustainability can be attributed to its versatility with training programs and early eco-transformative strategic work. Today, most electrical workers labor on jobs in diverse fields, including residential electrical installations, commercial electrical installations, solar power and renewable energy, industrial power plants or factories.

Over the past 5 years, the electrical industry has generally performed well. However, in 2020 due to Covid-19 the falling value of nonresidential construction and industrial production negatively affected the industry.<sup>19</sup> Demand for electric work

is closely related to the level of spending on new construction, repair, renovation and maintenance work within the residential, commercial, industrial and institutional building markets. The broader economic downturn caused many of these spending levels to hit record lows. Combined with record-high unemployment, industry revenue has fallen. This industry is likely to recover which will encourage demand.

Overall, the construction markets are driving demand for electrical workers and the industry has been increasing due to access to credit and low interest rates. Nonresidential building construction constitutes the largest market for industry services. These trends have guided construction activity as businesses and individuals take advantage of lower borrowing costs. Commercial construction projects consist of industrial buildings, hotels, office buildings and civic institutional and public safety facilities. In order to reduce the costs over the past five years, many commercial buildings have utilized energy conservation and energy efficient electrical systems. This new demand for industry services requires electricians for installation. Energy efficient management systems have grown in popularity with the support of policies that advocate for building decarbonization such as the U.S. Green Building Council's Leadership in

Energy and Environmental Design or LEED Green Building Rating System. National Electrical Contractor Association (NECA) reports that more than 40% of LEED certification standards were performed by electrical contractors.<sup>20</sup> As the expansion of new technologies becomes widespread industry partners will likely benefit from the necessary system updates, maintenance and installments.

In the City of Los Angeles—one of the cities reported to have the most installed solar power of any city in the U.S.—IBEW Local 11 electrical workers have helped electrify the city and rise to the top spot.<sup>21</sup> In terms of eco-transformative employment opportunities for IBEW, electric vehicle (EV) charging stations also constitute an upward trend. According to the National Renewable Energy Laboratory (NREL), the infrastructure to charge electric vehicles has expanded along interstate highways, workplaces and public parking lots.<sup>22</sup> Specifically, California's charging infrastructure grew by 9% during the first quarter of 2020, even as it continued to boast the largest share of the country's public charging infrastructure. There are a variety of EV charging stations, for example, L1 chargers are slower in speed and primarily located for residential, L2 are medium speeds, located in residential, public, and workplace.

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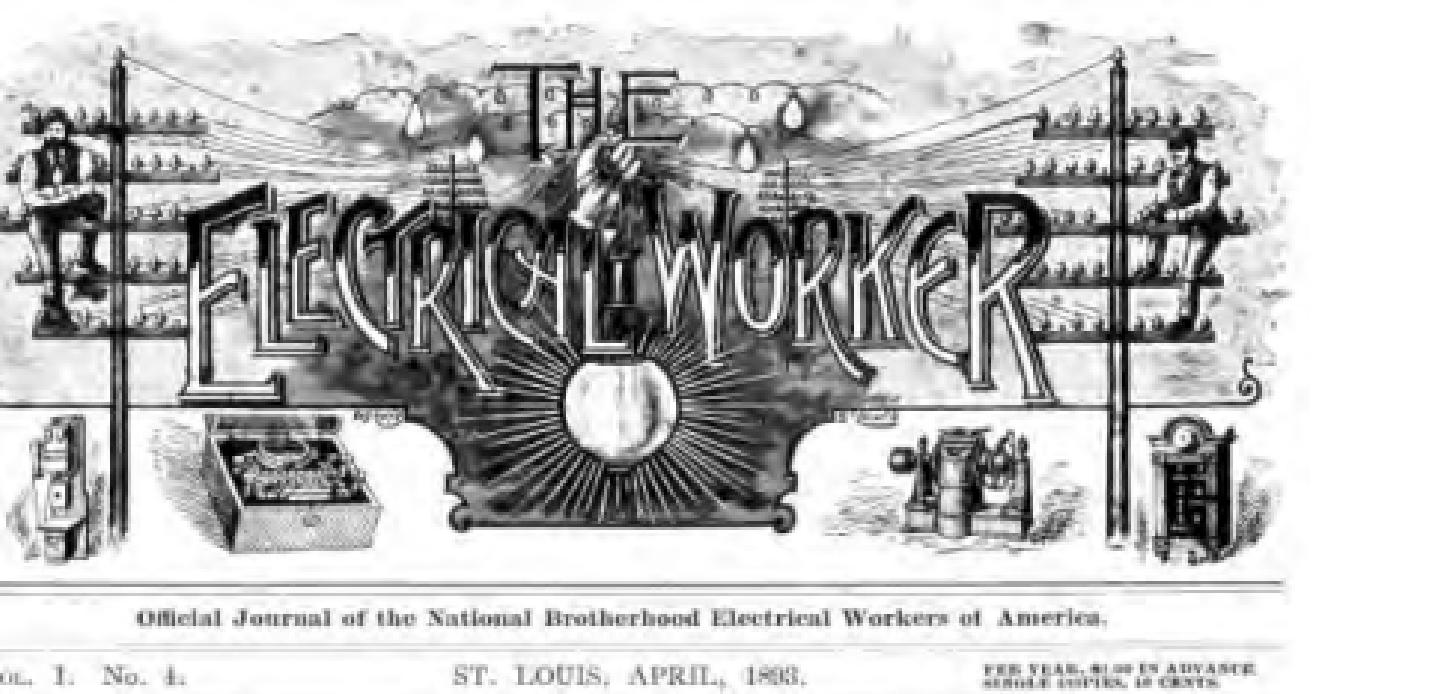


Image source: History & Structure. Accessed April 6, 2021. <http://www.ibew.org/Portals/31/documents/Form%20169%20-%20History%20and%20Structure.pdf>

## History of IBEW Local 11 in Los Angeles

The International Brotherhood of Electrical Workers is the most established electrical union in the country, with a longstanding tradition of organizing that coincides with the growing use of commercial electricity since its inception. The early years of the industry began between 1844-1896 with the invention of the telegraph, the first electrical accomplishment of commercial importance. By 1861, a web of telegraph lines expanded in the United States, therefore the hiring of linemen to string the new network of

wires was born.<sup>24</sup> Young men across the land began entering this new profession. By 1879, electricity began to transform American life. Employers suppressed employee's wages at the start of the profession due to the hiring of an untrained workforce.<sup>25</sup> With no proper training, the industry was run by individuals with inadequate skills and little knowledge to practice the trade with proper regard to safety. The move towards unionizing was in response to egregious workplace conditions, which prompted workers to vocalize their rights for fair pay and higher standards. Stagnant wages and poorly trained workers made the job exceedingly risky. In some localities, the fatality rate among linemen was one

of every two workers.<sup>26</sup> The work was demanding, arduous and many were forced to accept meager wages as low as \$8 a week, while skilled workers in other trades earned 60% more in wages.<sup>27</sup> By 1890, a few linemen sought help from the American Federation of Labor (AFL) and formally unionized. In 1891 the chartered group adopted National Brotherhood of Electrical Workers (NBEW) as the organization, later renamed International Brotherhood of Workers (IBEW) in 1897 to reflect international organizing efforts.

The earliest IBEW local in Los Angeles was Local 61, in 1893. At the time Los Angeles was the 57th largest city in the country with a contested environment for union activity. The business elite associated with the Los Angeles Times and Chamber Commerce actively marketed the city as an "open shop" to prevent any hindrance to the economy, which often perceived unionism with skepticism.<sup>28</sup> As workers migrated to Los Angeles, many grew discontent with deplorable working conditions. The first official local union in Los Angeles was IBEW Local 116 organized in 1900 and immediately won an 8-hour work day along with a substantial wage increase for members. By 1901, numerous strikes were occurring throughout the country, as many as 40 at one in a given day.<sup>29</sup> Although IBEW local 116 won a contract for a \$3 wage and an 8-hour work day without striking in 1901, demands to enforce the contract were not met. This precedent galvanized Los Angeles linemen to form a Western Conference with other local unions and leverage the power of labor in a first strike against the Pacific States Telephone and Telegraph Company in 1902.

When faced with organizing efforts, employers often disrupted strikes at the first onset with intimidation tactics such as firing, black balling, or beating workers as well boycotting business with union workers.<sup>30</sup> IBEW Local 116 began to strengthen as demand for the trade expanded during World War II, along with the passage of the Wagner Act which legally made the right to organization permissible at the federal level. By 1942, 27 distinct IBEW local unions had been organized in Los Angeles county.<sup>31</sup> In effort to consolidate and further leverage regional strength, six of these locals—with a combined membership of 2,136—merged to form IBEW Local 11. WWII offered another period of growth as the Long Beach naval shipyards provided thousands of wartime jobs. IBEW Local 11 quickly grew to 15,000 members, although most were temporary wartime jobs and membership shrank to 5,800 at post-war levels.<sup>32</sup>

During the 1970s and early 1980s, employers focused on the development of high rises to match the increasing rate of urbanization Los Angeles was undergoing. Non-union contractors started to gain market share and jobs traditionally held by IBEW local 11 members. This led to a decline of available jobs and stagnant wages. In 1981, nearly 6,000 members launched a strike for the first time in the IBEW Local 11 history. vocalized their frustration as the lowest paid electricians in California, \$3 lower than neighboring counties. The strike froze almost all construction electrical installation projects in the county. A month later, IBEW Local 11 members negotiated a 35% hike, resulting in \$7.35 per hour over two years.<sup>33</sup> Today, IBEW Local 11 represents 12,000

members.

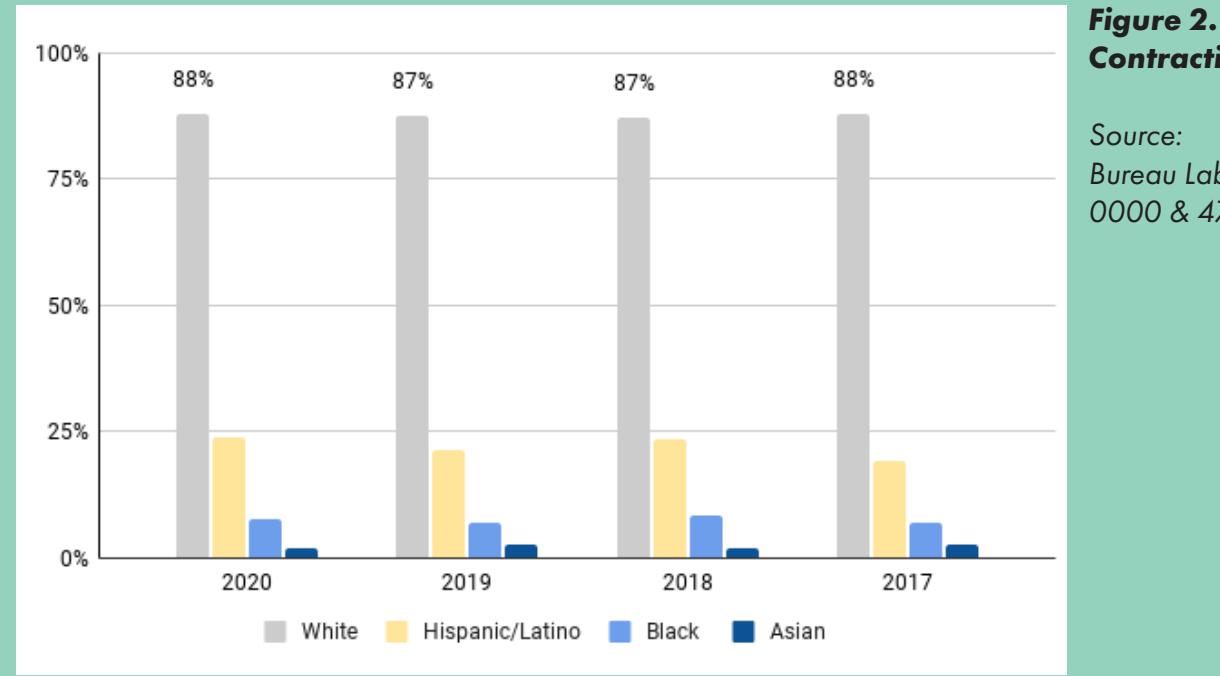
## Industry Characteristics

### Characteristics of the Labor Force

Overall the national electrical industry workforce is largely homogenous, comprising non-Hispanic/ Latino white males at 86 percent and 97 percent, respectively. As shown in Figure 2, Hispanics represent the second highest racial/ethnic group. Across the four-year period from 2017-2020, Hispanic and Black workers have accounted for 21 percent and 8 percent of the workforce on average. The Bureau of Labor Statistics data in Figure 3 also reveals women represent a small fraction of the workforce, at less than 5 percent on average.

Interestingly, the industry has experienced a greater shortage of employees than in previous years as employment has not kept up with the rate of retirement, resulting in a shortage of skilled workers. The NECA reports that 7,000 electricians join the industry each year, while 10,000 electricians retire. The electrical trade provides job security and longevity and consists of a workforce that has largely aged within the industry. A survey by Electrical Worker Magazine found that the largest age bracket of electrical workers was 55-64 (37%), followed by 65 plus (31%) for 2020 compared to a decade ago in 2010, when the largest age bracket was 45-54 followed by 55-64.<sup>34</sup>

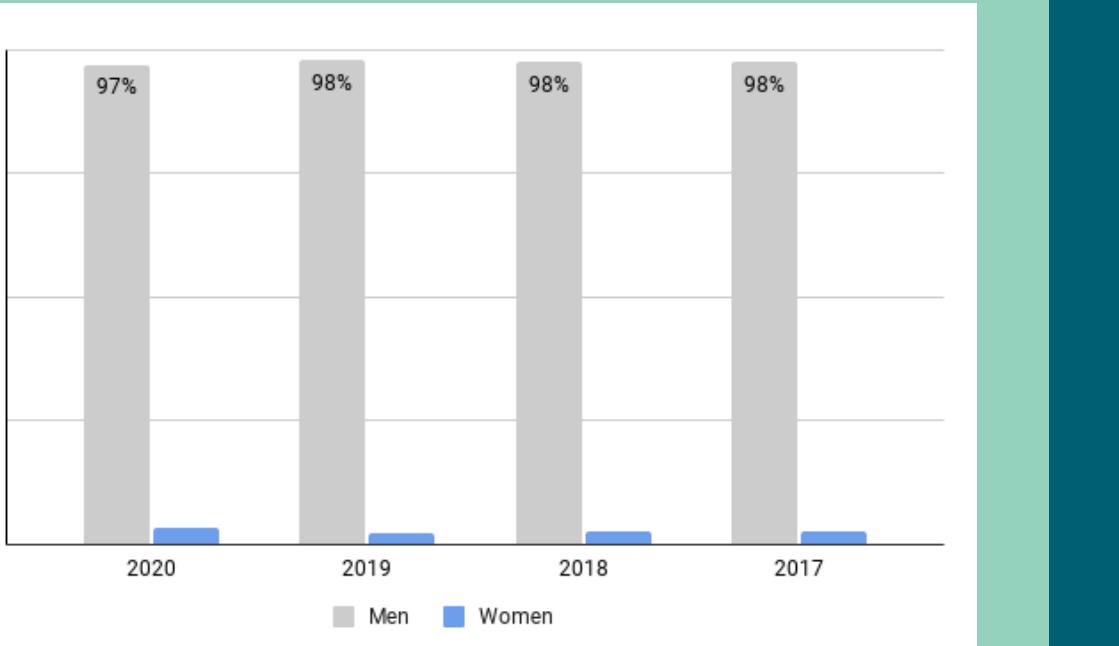
The U.S. Bureau of Labor Statistics anticipates that



**Figure 2. Racial/Ethnic Composition of Electrical Contracting Workforce (2017-2020)**

Source:

Bureau Labor of Statistics, Occupation by Race, SIC 49-0000 & 47-211



**Figure 3. Gender Composition of Electrical Contracting Workforce (2017-2020)**

Source:

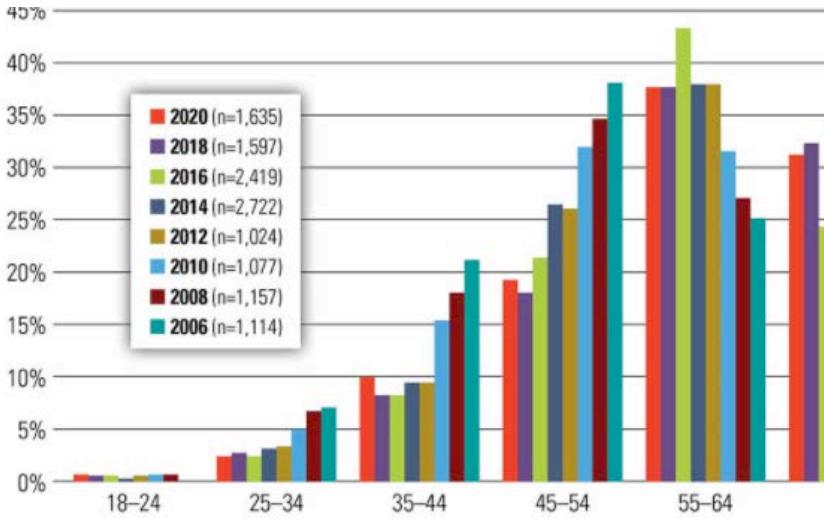
Bureau Labor of Statistics, Occupation by Sex, SIC 49-0000 & 47-211

employed electricians will grow 10.0% between 2018 and 2028, faster than other occupations.<sup>35</sup> Growth is likely to be led by young electricians attracted to the industry by the high salaries and the necessity of the trade. Apprenticeship in-classroom training and web-based programs have attracted new students due to flexibility.

## Wages and Benefits

Today, the electrical contracting sector is an important source of high-paying jobs for skilled workers. On average, electricians earn 32 percent more than the mean national hourly wage in 2020 (Table 1). In Los Angeles, union workers earn approximately 56 percent more than the region's mean hourly wage.<sup>36</sup> IBEW Local 11 members largely represent construction electricians, electrical installers and repairers, linemen and supervisors. In general, wages for electrical workers in Los Angeles are nearly \$6 higher than the national average for electrical workers. All of the 11 occupational wages are above the Los Angeles individual median income. Both electrical installers for transportation equipment and first-line supervisors are the highest paid jobs in the region at \$43.12 and \$41.45 respectively.

In addition to competitive wages, electrical workers tend to receive benefits depending on the size of the hiring firm. Large non-union firms generally match benefits offered by unions as an industry standard to attract and retain talent, while small to medium size firms hire workers as independent contractors on a project-to-project basis.<sup>37</sup> Independent contract electrical



**Figure 4. Comparison of Age Over Time for Electrical Contracting Sector**

Source: Electrical Worker Magazine Survey

workers as shown in Figure 5.<sup>38</sup> Among nearly 70 safety issues reported in Los Angeles for the electrical contractor sector between 2009-2021, 80 percent were non-union firms. All of the reported accidents and fatalities since the pandemic (2020 and 2021) occurred at non-union job sites. Several of the overall complaints involved serious health injuries, including electric shock, fractures, and fatalities resulting in an overall average fine of \$11,864.7. Comparatively, union members experienced one injury on average in the same 10-year period.

The pandemic has required adjustment for the electrical contracting industry, with some workers impacted more than others. Starting with the stay-at-home mandate issued March 2020, Governor Newsome has designated IBEW workers as essential workers. The political capital of union members meant more protections for electrical workers and their work environment with less exposure to Covid-19. IBEW Local 11 advocated that several precautions were

**Table 1. Mean Hourly and Annual Wage by in the Electrical Contracting Sector**

Occupation	Mean Hourly Wages		Mean Annual Wages	
	National	Los Angeles	National	Los Angeles
Electrical and Electronics Installers and Repairers, Transportation Equipment	\$22.40	\$43.12	\$46,600	\$89,680
First-Line Supervisors of Mechanics, Installers, and Repairers	\$35.95	\$41.45	\$74,780	\$86,220
Electrical Power-Line Installers and Repairers	\$34.00	\$39.45	\$70,710	\$82,050
Construction Electricians	\$29.22	\$37.25	\$60,770	\$77,470
Electrical and Electronics Repairers, Commercial and Industrial Equipment	\$28.23	\$32.36	\$58,720	\$67,300
Telecommunications Line Installers and Repairers	\$25.06	\$31.55	\$52,120	\$65,630
Heating, Air Conditioning, and Refrigeration Mechanics and Installers	\$23.75	\$31.31	\$49,400	\$65,130
Riggers	\$27.41	\$28.50	\$57,000	\$59,290
Installation, Maintenance, and Repair Workers, All Other	\$24.80	\$24.01	\$51,580	\$49,940
Helpers--Installation, Maintenance, and Repair Workers	\$15.94	\$17.63	\$33,160	\$36,670
Line Installers and Repairs	\$27.11	--	\$56,400	--
<b>Average</b>	<b>\$26.72</b>	<b>\$32.66</b>	<b>\$55,567</b>	<b>\$67,938</b>

Source: Bureau of Labor Statistics (2020), Occupational Employment Statistics, SIC Code 47-2111 and 49-0000

put in place by employers across all job sites such as daily temperatures, increased personal protective equipment (P.P.E) face coverings and social distancing measures.<sup>40</sup> The Cares Act and IBEW Local 11 provided supplemental benefits for workers who preferred to stay home during the height of the pandemic. Although work has slowed down, civil and renewable

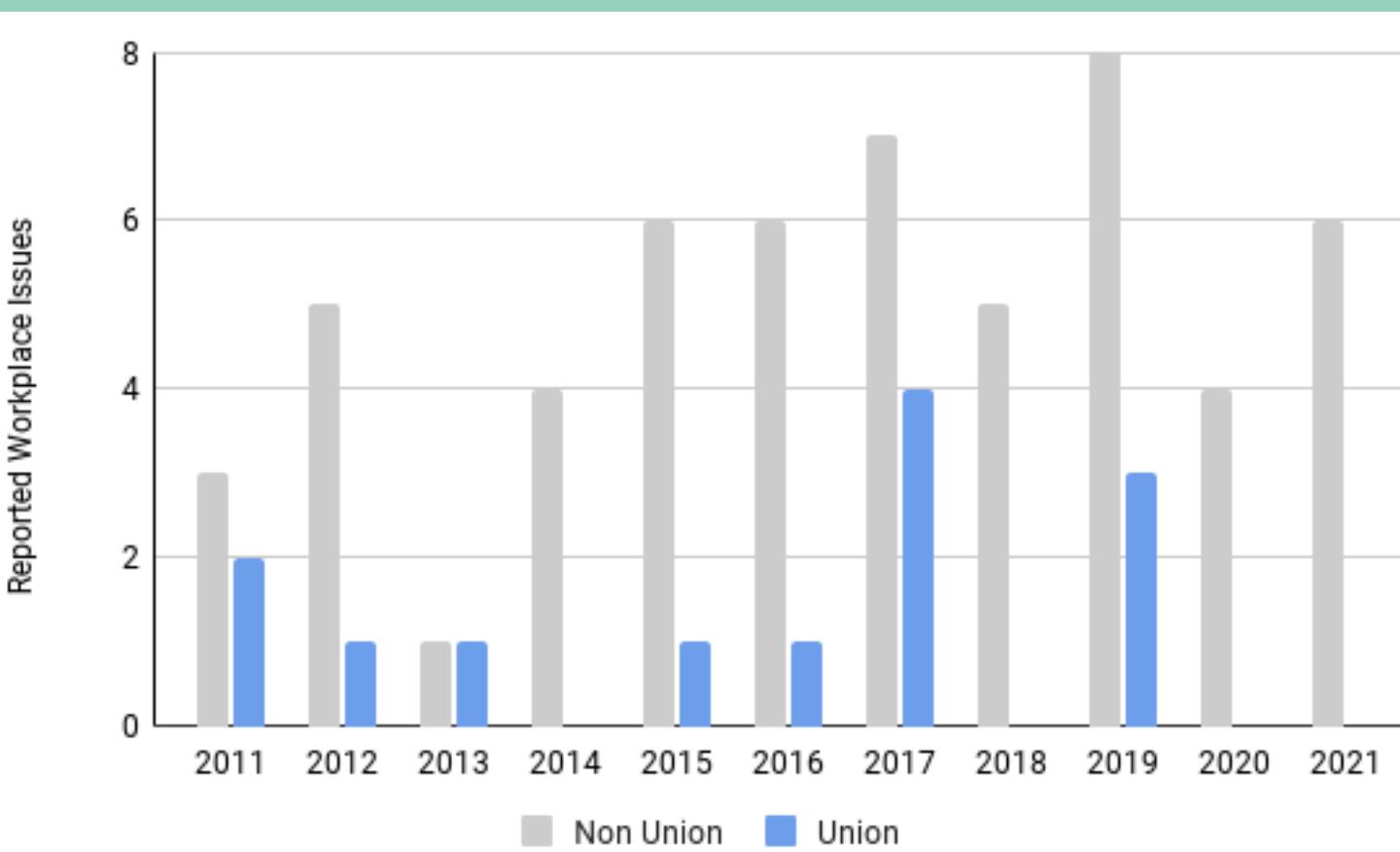
energy projects have fared comparatively well with construction sites remaining active. Work continued on solar and EV charging station installation projects during the pandemic.<sup>41</sup> IBEW Local 11 members completed the SoFi Stadium and over 20 solar field projects—generating over 1.2 gigawatts of power, along with signing a project labor agreement with LAX for an extended

10-year term, reflecting a strong rebound effect for members in the region. Data shows over half of contractors (56%) have high confidence in new opportunities.<sup>42</sup> IBEW Local 11 has organized 16 new contracts for its members through the pandemic. While the membership rate has increased by 4%, the pandemic has presented a subset of challenges for apprentices. Many of the continuing education and training, in-person programs were disrupted for nearly six months. Although the Electrical Training Institute re-opened in October with a new online platform, they are navigating a return to pre-pandemic levels of operation.<sup>43</sup>

## Workforce Training

Training is a longstanding tradition for IBEW as a key preventive measure to protect members from the inherent risks associated with the trade. One significant development for IBEW is the establishment of the apprenticeship program which universally raised safety standards across the industry. As a skilled based trade, apprentices are required to complete a minimum of three years of classroom training including at least 8,000 hours of “on the job” training before becoming eligible for membership. Similarly, continued education is of equal importance

to acquire and gain new skills as technology advances within the trade. According to the 2019 survey responses conducted by Electrical Contractor Magazine, 32 percent of the electrical workers mentioned they or someone in their firm has completed green/sustainable technology training, nearly 10 percentage points higher than the previous year. “Notably, interest in EV

**Figure 5. Los Angeles District, Reported Workplace Issues in the Electrical Contracting Sector**

Source: Occupational Safety and Health Administration (May 2021), NAICS 238210 Electrical Contracting Industry

charging stations is up 18% from 10% the year prior.<sup>44</sup> Electrical contractors responded with interest in improving their skills for emerging technologies. Overall About 80% of electrical contracts said they or someone in their firm has taken training in the past 12 months or plans to do so in the next 12 months. In particular, the specific topic areas that increased from 2018 to 2020 responses were: Safety, from 37% (2018) to 53% (2020); Grounding/bonding 32% (2018) to 43% (2020).<sup>45</sup> The increase in training interest could indicate the enthusiasm and confidence in emerging technologies rewarding a payoff economically.

In Los Angeles, apprenticeship programs and continuing education courses are offered at the premier Net Zero Plus Electrical Training Institute (NZP-ETI). NZP-ETI launched in 2016 designed by IBEW Local 11 and the Los Angeles Chapter of the National Electrical Contractors Association (NECA) and is celebrated for its use of energy efficiency strategies and advance technologies such as solar panels, battery storage, advance lighting controls, electric vehicle charging stations and building electrification. NZP-ETI demonstrates IBEW's commitment to apply sustainable strategies to its projects and advance an eco-transformative economy for solidarity. All of the energy is produced and stored onsite allowing the building to fully operate without sourcing power from the central grid if a blackout occurred. Pre-pandemic, NZP-ETI trained more than 1,500 electrical workers annually. Apprentices in the NZP program incur no student debt and studies are paid for by contributions from employers and union members. Successful completion of

## Political Relationships

the certificate brings registered members into a state-wide directory for project management firms to source from for large scale projects. The requirement of the certification for public projects is unique to California, and connects certified electrical workers to prevailing wage contracts and improved benefits.<sup>46</sup> Currently there are four electrical training programs along with several certification programs including energy storage and microgrid training and certification and photo-voltaic design and installation and the most notable electric vehicle infrastructure training program (EVITP).

Development System.<sup>47</sup>

In addition to strong contracts and partnership with public and private employers, IBEW has benefited from federal, state and local subsidies for renewable energy in recent years. For instance, solar panel incentives have expanded most recently in July 2020. These are to encourage the continued expansion of solar which offers tax breaks and financial incentives to make panel installation more accessible.<sup>48</sup> The Investment Tax Credit (ITC), is a federal government program that provides a solar tax credit that allows homeowners and businesses to deduct a portion of their solar costs from their taxes. Both homeowners and businesses qualify for a federal tax credit equal to 26 percent of the cost of their solar panel system minus any cash rebates. It applies to three major types of solar technology: photovoltaic; solar heating and cooling, and concentrating solar technology.

Similarly, in California, local solar rebates are available through initiatives such as LADWP's Net Metering program. In net metering, when the system is generating excess power your meter will run backwards and the customer can receive a credit on their bill.<sup>49</sup>

Additionally, California Assembly Bill 5, in early 2020 addressed employee misclassifications. Working Californians who have been kept off payroll as employees will gain access to basic labor rights for the first time, including rights to minimum wage, overtime, unemployment insurance, workers' compensation, paid sick days, paid family leave, workplace protections against harassment and retaliation, and the right

to form or join a union. IBEW Local 11 members expect the law to make it harder for construction companies to drive down wages by treating nonunion electricians as independent contractors.

Whether through the electrification of public fleets, or the expansion of solar power and wind turbine grids, IBEW Local 11 has had an active role in sponsoring and supporting bills like AB 841, the Transportation Electrification School Energy Efficiency Stimulus Program. The Public Utilities Commissions (PUC) has regulatory authority over public utilities, including electrical corporations and gas corporations. The bill would require the PUC to require those electrical corporations with 250,000 customers' accounts in the state to establish the joint School Energy Efficiency Stimulus Program within each of its energy efficiency portfolio that consists of 1) the School Reopening Ventilation and Energy efficiency Verification and Repair Program to provide grants to local educational agencies to reopen schools with functional ventilation systems that are tested, adjusted, or cost effective 2) the School Noncompliant Plumbing Fixture and Appliance Program to provide grants to local education agencies to replace non-compliant plumbing fixtures and appliances that fail to meet water efficiency standards and waste potable water and the energy used to convey that water, with water-conserving plumbing fixtures and appliances.<sup>50</sup>

In late 2020, IBEW endorsed President Joe Biden due to his promotion of a holistic approach to slashing carbon emissions. As such, President Biden has proposed investment in clean-energy technology as well as an aggressive clean-

power infrastructure plan, indicating IBEW members are well suited to install electric vehicle charging stations. "The American Jobs Plan will put engineers and construction workers to work building more energy efficient buildings and homes," President Biden said. "Electrical workers – IBEW members – installing 500,000 charging stations along our highways."<sup>51</sup>

In 2019, the City of Los Angeles completed the L.A. 's Green New Deal as an updated version of the 2015 Sustainable City pLAn. This is part of Mayor Eric Garcetti's goal to reduce climate change impact while focusing on environment, economy and equity. With the establishment of a Jobs Cabinet, the Mayor's plan is determined to focus on training the next generation of workers in the trades of tomorrow such as renewable energy. The Green New Deal report will guide the city's transition to become 100% reliant on renewable energy by 2045.<sup>52</sup> The targets of the pLAn also include: reducing building energy use per square foot and converting all city fleet vehicles to zero emission where technically feasible by 2028 among others.<sup>53</sup> The Mayor's Office of Sustainability has laid out in the Green New Deal how to achieve these goals and the various projects throughout the city advancing sustainability. These chapters highlight the desired trajectory and effort the City of Los Angeles is aiming towards, bringing economic and sustainability opportunities to the region.

The highlights of the plan indicate job creation avenues for IBEW Local 11. IBEW Local 11 has taken note of the advances of clean energy and has enhanced their workforce with various training courses at the Electrical Training Center (ETI).

## Strategic Opportunities: Establishing a Just Transition for Electrical Workers

As industry trends show, electrical workers are traditionally viewed as workers with "green jobs," well suited to benefit from emerging climate investments and measures driving the plan towards an eco-transformation. Certifications and training has provided workers with versatility as the industry transitions. For those outside of the electrical sector terms like "green economy," or "green jobs," imply that these are new jobs, whereas electrical workers have long been involved since the nascent of these technologies and their implementation at a wider scale.

However, recent sustainability priorities at the federal, state and local level have generated additional job opportunities. Throughout our interviews, stakeholders highlighted sustainable infrastructure projects, such as EV charging station installations and energy-efficient buildings, as pathways for an eco-transformative future for electrical workers. These climate policies are an opportunity to build sustainable infrastructure as well as provide a framework for a just transition. Recent public works projects subsidized by state dollars and in conjunction with other infrastructure projects have included just transition principles by designating decarbonization projects in communities of color historically impacted by environmental degradation. Local hire provisions are becoming the new standard to provide employment opportunities for residents of these communities. The following section outlines the

strengths, challenges and recommendations associated with four region-specific strategic opportunities that can be employed by IBEW Local 11 to create more jobs and a just transition for electrical workers in Los Angeles.

## Strategic Opportunity 1. LA100

Throughout the interview process with key stakeholders, the topic of opportunities to expand the workforce for electrical union was discussed. For instance, one researcher explained that the focus on the industry is how big the market for solar program implementations are.<sup>54</sup> The following is a direct quote “[We] created equity maps and forecasted the amount of jobs will be created from the investments. Jobs per megawatt [have] fluctuated over the years...” Therefore, the first Strategic Opportunity examines the goals and implications of the LA100 study and how it can support positive workforce outcomes for IBEW Local 11.

In 2016 and 2017, the Los Angeles City Council passed a series of motions directing the Los Angeles Department of Water and Power (LADWP) to research the possibility of 100% renewable energy by 2045.<sup>55</sup> Through the partnership with the National Renewable Energy Laboratory (NREL), the Los Angeles 100% Renewable Energy Study (LA100) was founded to determine actionable pathways towards 100% renewable clean energy. With science-based predictive modeling methods, NREL was determined to inform the City of Los Angeles, LADWP and other stakeholders. NREL concluded that 100% renewable electricity supply is

achievable for Los Angeles by 2045 or even sooner. The following table analyzes the strengths, opportunities and tradeoffs of envisioning LA100 through the lens of our partner, IBEW Local 11.

### Strengths:

- The strength of this study was the determination that 100% renewable energy is possible for the city, NREL noted that an estimated 8,600 annual number of jobs would be created, the overall Los Angeles economy would not shift in any meaningful manner and renewable energy would not affect the overall quality of service if planned accordingly.
- The potential of solar rooftop, is that it represents the largest in-basin generation resource primarily in the residential sector. The entire electrification of the city through renewable energy has the potential to generate thousands of jobs and an opportunity to expand market share in the residential and commercial sector.

### Challenges:

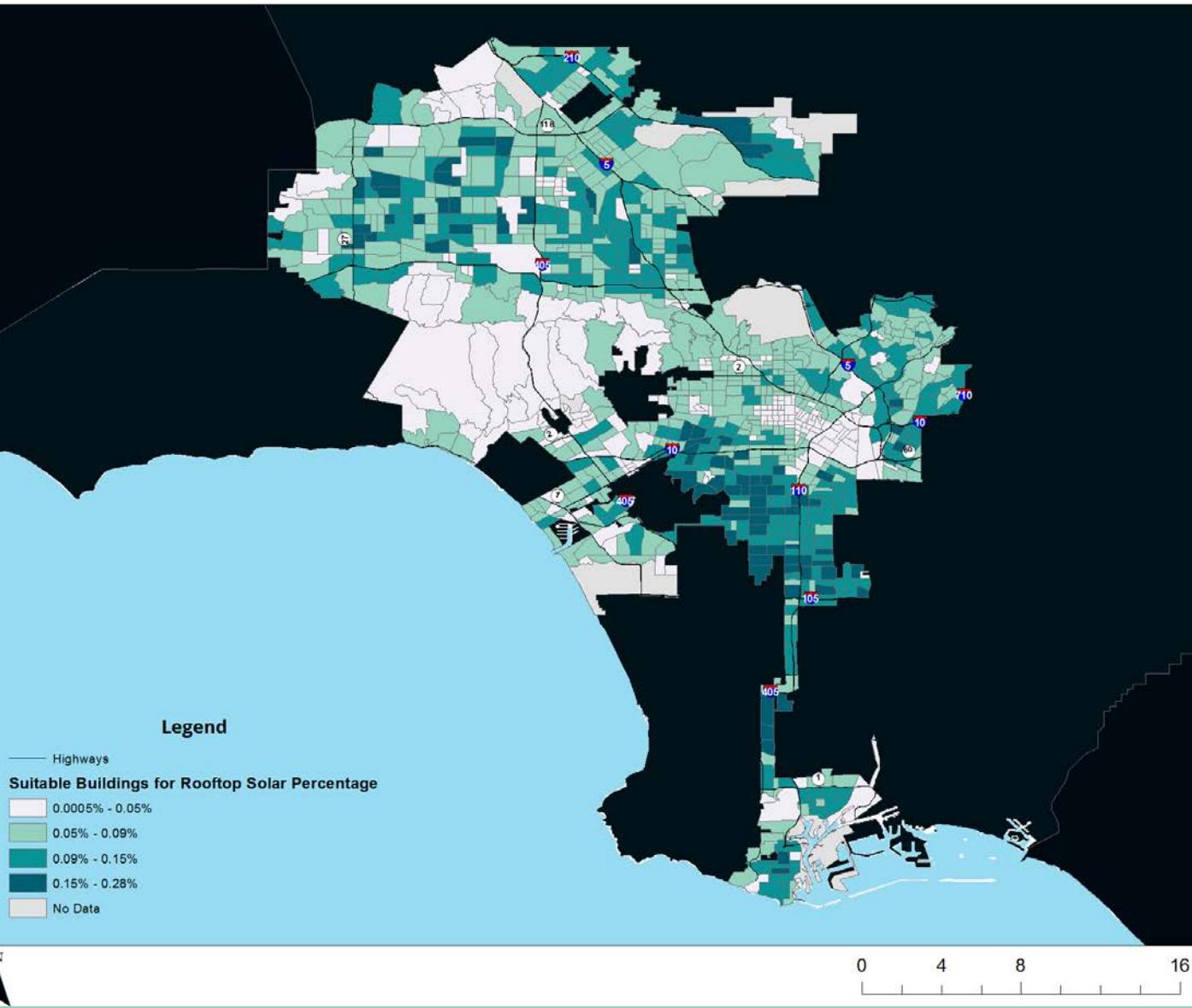
- The study does not address HOW renewable energy will be achieved: The study does not present recommendations. The goals and specific implementation pathways are decisions that LADWP will make with input from community members after reviewing the study findings.
- The study does not recommend or evaluate alternative retail rate structures, customer incentives, or efficiency programs to identify

## Case Study: Geographical Analysis of LA 100

**Figure 6: City of Los Angeles Percentage of Suitable Buildings for Rooftop Solar**

**Source:** National Renewable Energy Laboratory (NREL), American Community Survey 5-year estimates (2011-2015)

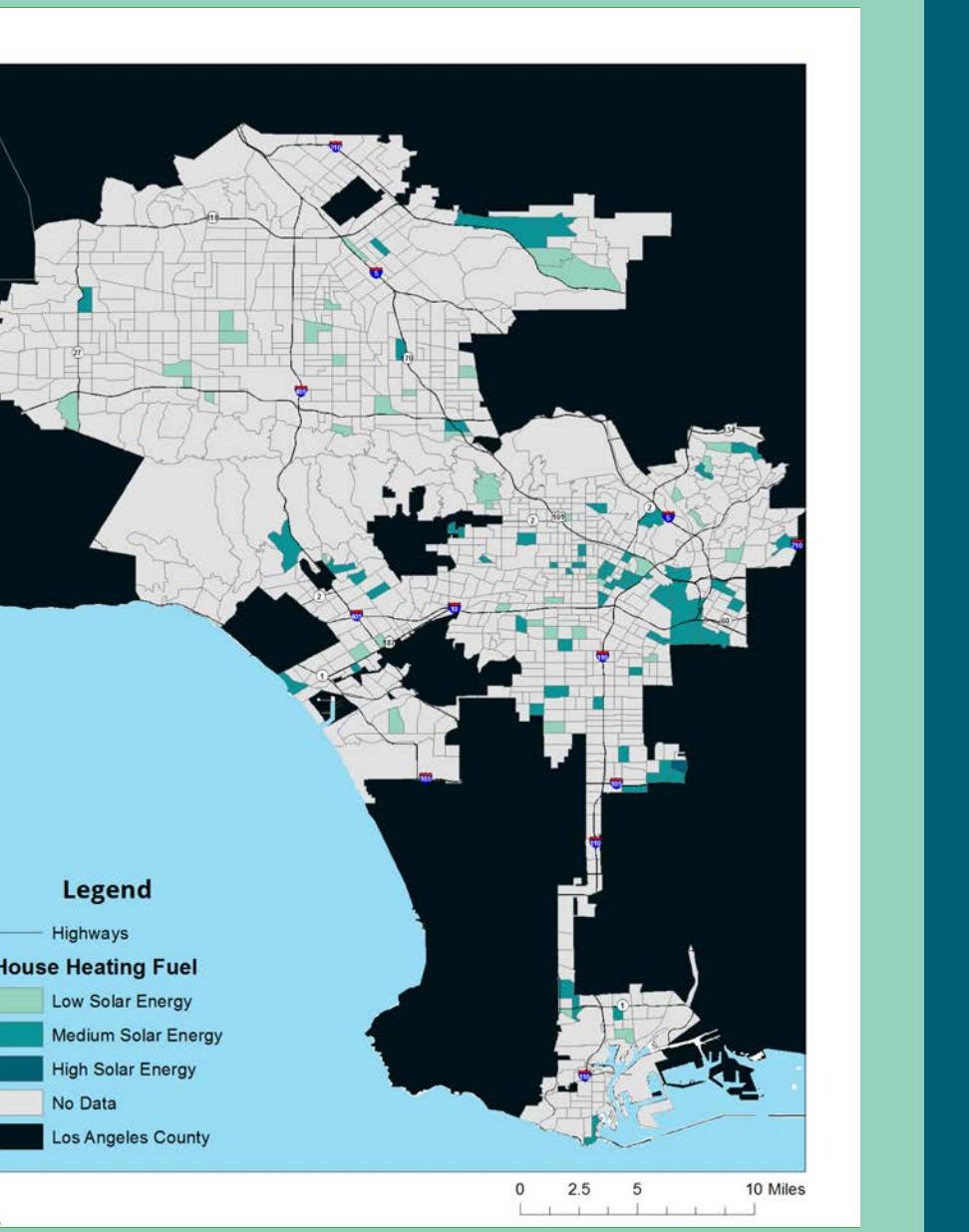
**Description:** The map showcases the percentage of suitable buildings for rooftop solar per census tract for Low-to-Moderate Income (LMI) communities. The darkest colors represent the highest percentage of buildings suitable for rooftop solar. On the map the top areas where rooftop solar suitability are located are in the neighborhoods of Westmont (South Los Angeles), West Rancho Dominguez (Harbor Gateway) and Vermont Square (South Los Angeles) ranging from 0.15% to 0.28% or 400 to 800 total building count.



**Figure 7 (Right-adjacent) Distribution of Households Source Power from Solar Energy**

**Source:** American Community Survey 5-year estimates (2014-2019)

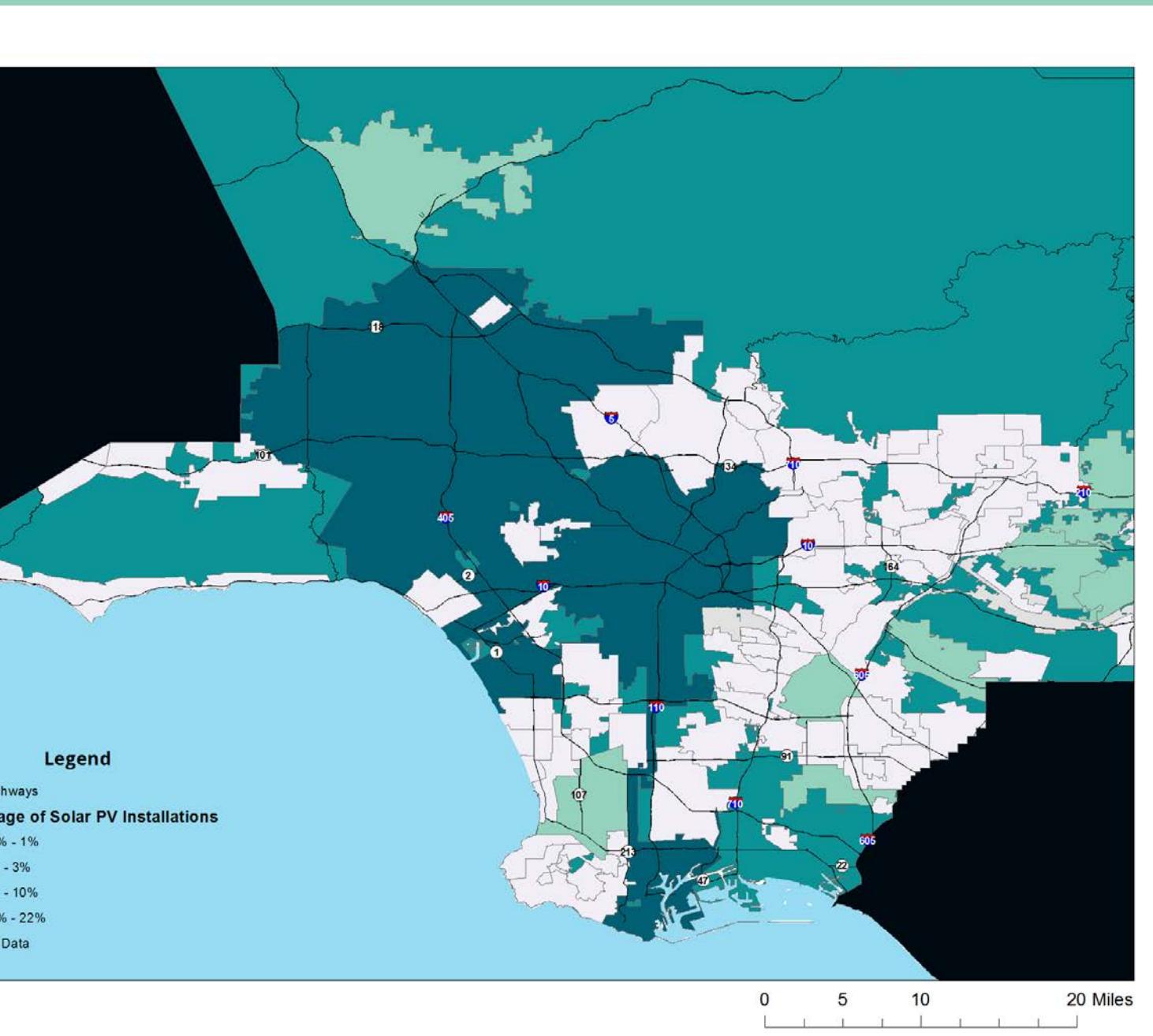
**Description:** The map showcases the top census tracts that utilize solar energy as a heating fuel source in the City of Los Angeles. The darkest teal color represents the census tracts where the most solar energy is being utilized. The top census tracts are located in the neighborhoods of Downtown Los Angeles and up north in Tujunga. Mostly, the map highlights that there is little solar energy powering the City of Los Angeles, this is an area of opportunity for IBEW Local 11 to strategically build the energy grid up in the next coming years.



**Figure 8 (Right-most) Percentage of Solar PV Installations in Los Angeles County (2011-2015)**

**Source:** National Renewable Energy Laboratory (NREL) Solar PV Installations (2011-2015)

**Description:** The map depicts the top geographic areas where solar photovoltaic have been installed in Los Angeles County. The dark colors represent the areas where the majority of solar installation has occurred, unfortunately due to data limitations this count cannot be disaggregated by census tracts to further analyze the large city of Los Angeles. Despite this, the county-wide map opportunities are located on the eastern side with neighborhoods like Whittier, El Monte and West Covina.



policies or programs that could be needed to realize LA100.

- Despite the large avenue of potential job opportunities for the demand of residential rooftop solar, putting solar on every rooftop in Los Angeles alone would not achieve 100% renewable energy therefore more needs to come from commercial or industrial businesses. Likewise, the opportunities for stronger Project Labor Agreements come from large projects generating large revenue, residential projects would not hold a PLA and are even subject to high injury rates or even wage theft.
- Job estimates do not necessarily translate to opportunities for Los Angeles residents, as employers may hire workers from outside the region.

#### Recommendations:

- We recommend that our partner focus on the opportunities this study forecasts, such as rooftop solar projects (58% of total job creation). With the job creation forecasts, our partner's workforce will need to be expanded to meet the needs of renewable energy expansion in the city.
- IBEW can begin the expansion of certificate training (e.g., EVITP) to meet the future demand of renewable energy today. Since the release of the LA100 study a recommendation that can be implemented right away is expanding training to younger electric workers such as providing incentives and higher apprenticeship pay rates. Similarly, through local partnerships a career

pipeline program can be created to secure union jobs stay within the city.

## Strategic Opportunity 2. American Jobs Plan

In our conversations with stakeholders, a researcher elaborated upon the opportunities rising from the federal government with the Biden administration. The emphasis of pushing the country towards sustainability at the federal scale is a wide avenue to expand workforce opportunities for the electrical industry. The following is a direct quote: "NECA developed certifications for newer technologies for advanced lighting, mentioned in Biden's [American Jobs Plan] plan... electric infrastructure training program, now a certification in California..."<sup>56</sup> Hence, the focus on examining the American Jobs Plan will provide a lens through which federal money is being spent to build a strong electrical infrastructure in the years to come.

As part of the "Build Back Better" agenda, in March 2021, President Biden pushed the \$2 trillion infrastructure package for the investment of clean energy and infrastructure called the American Jobs Plan.<sup>57</sup> The American Jobs Plan will upgrade America's roads, bridges, and public transit over the next eight years which will amount to 1% of America's GDP per year over that time. With the emphasis on the creation of more good paying and union jobs, President Biden expects this package to pave the road for the future towards a clean economy. Our analysis below pinpoints opportunities for our partner, IBEW Local 11 to further advance their agenda of

expanding employment opportunities.

#### Strengths:

- The bill contains \$300 billion to bolster manufacturing. The sector accounts for 70% of business research and development expenditure, 30% of productivity growth and 60% of exports. The bill hopes to keep manufacturing jobs here in the U.S. therefore this money will hope to jumpstart clean energy manufacturing. To meet the President's goals of achieving net-zero emissions by 2050, the U.S. will need more electric vehicles, charging ports, and electric heat pumps for residential heating and commercial buildings. Through the emphasis of good paying jobs, particularly union focused, the bill has the strength to keep the momentum towards union expansion and opportunities at home.

- The largest allocation of funds is in the Investment in Transportation Infrastructure with a \$621 billion 10-yr estimate. The breakdown distribution is as follows: Invest in Electric Vehicles (EV), including consumer rebates to purchase EVs, grants and incentives to build 500,000 new charging stations and replacing and electrifying federal vehicle fleet (\$174 billion)

#### Challenges:

- Despite massive infrastructure expansion, the plan fails to account for how the money will be distributed throughout the country. There is no guarantee the money will benefit California since the state is already creating

its own cap-and-trade revenue or other fund sources to advance carbon neutral policies.

- Without the investment made in manufacturing of solar technology made in the United States, most of the equipment and materials utilized will more than likely be imported from other countries (China is the top country in manufacturing solar panels). The current focus manufacturing does include solar manufacturing but does not specifically state the amplitude necessary to increase supply.

#### Recommendations:

- We recommend that IBEW should look into the aspect of the bill focused on local manufacturing, locating where this is being proposed and who is sitting at the table. The union also represents industrial shops therefore advancing manufacturing locally can be beneficial if required by policy, such as the American Jobs Plan.

## Strategic Opportunity 3. Warehouse Indirect Source Rule

The Warehouse Indirect Source Rule (ISR) and the Warehouse Actions Investments to Reduce Emissions program (WAIRE) were designed to achieve higher air quality standards in the region by incentivizing lower greenhouse gas emissions while addressing public health concerns for communities located near warehouses. AB 617 Community Steering Committees identified air quality concerns related to truck traffic from warehousing, as warehouses are primary

destinations for diesel fueled trucks. In our conversation with policymakers many viewed the ISR rule as a needed opportunity to improve overall air quality, while addressing the socio economic concerns for affected communities near warehouse facilities.

As a result, the South Coast Air Quality Management District board approved the ISR and WAIRE program to incentivize the transition to a zero-emission economy. The ISR and WAIRE program is a point-based system that applies to warehouses greater than 100,000 square feet. Warehouse operators are required to earn a specific number of points annually by taking mitigative actions towards reducing GHG emission. Such actions include installing charging infrastructure, on-site solar panels, and manufacturing EVs.

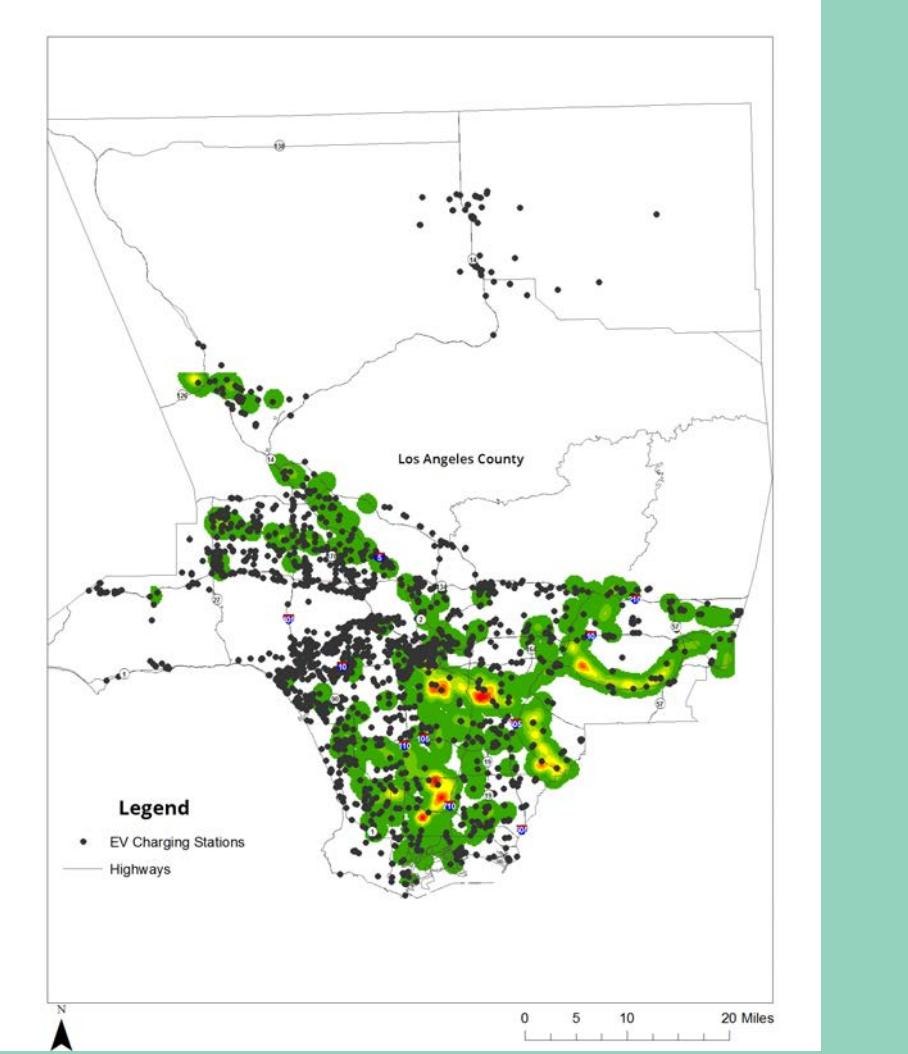
#### Strengths:

- Mitigation fees paid by warehouse operators will go towards zero-emission projects to address the disproportionate burden of air pollution for nearby communities.
- More importantly, the WAIRE program includes project labor standards which requires the utilization of skill and trained workforce for all charging infrastructure projects.
- Contractors bidding for projects are eligible to receive additional points if 25 percent of the workforce are local hires. The community around warehouses are largely Black and Latinx population reflecting public agencies broader commitment to equity and environmental justice.

- The local hire provision can further expand and diversify the membership base. Large warehouses are disproportionately concentrated in Black and Latinx communities. The population living within half a mile of at least one large warehouse is 62.1% Latinx and 7.6% Black, compared with a population that is 45.4% Latinx and 6.5% Black across the four-county region.<sup>58</sup> The rule is projected to create nearly 250 jobs.<sup>59</sup>
- The ISR rule generates demand for new projects like the World Logistics Center Project in Moreno Valley, which aims to invest nearly \$47 million to electrify the largest proposed warehouse development in the world, with rooftop solar panels, EV charging stations, and other energy-efficient technologies.<sup>60</sup>

#### Challenges:

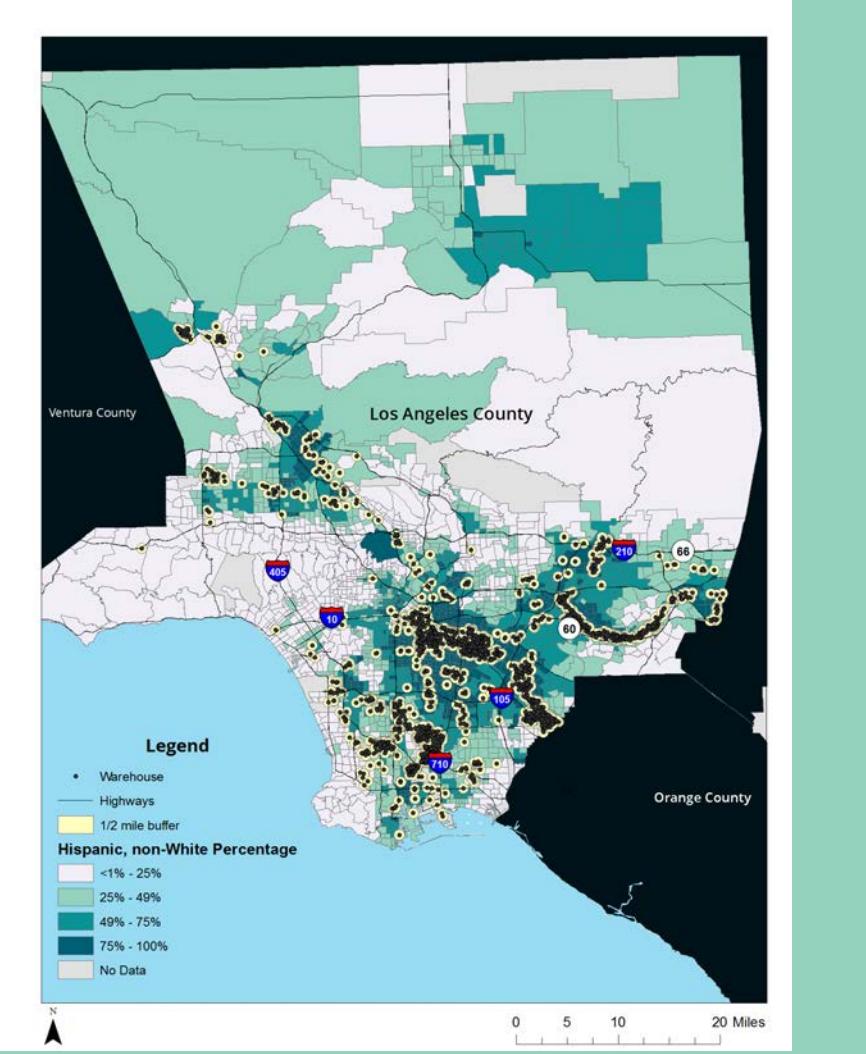
- Legal actions could arise and challenge the legality of the indirect source rule, as opposition groups have criticized the rule as an illegal tax.<sup>61</sup>
- South Coast AQMD staff reports provide minimal findings for how many warehouses are likely to comply with the rule, which obscures demand for future projects. For instance, warehouses will be phased into the program over three years and operators will have the option to transfer earned points to other warehouses in a grace compliance period. Similarly, mitigation fees could impose cost burdens on warehouse operators and may cause warehouses to relocate outside of South Coast AQMD jurisdiction.



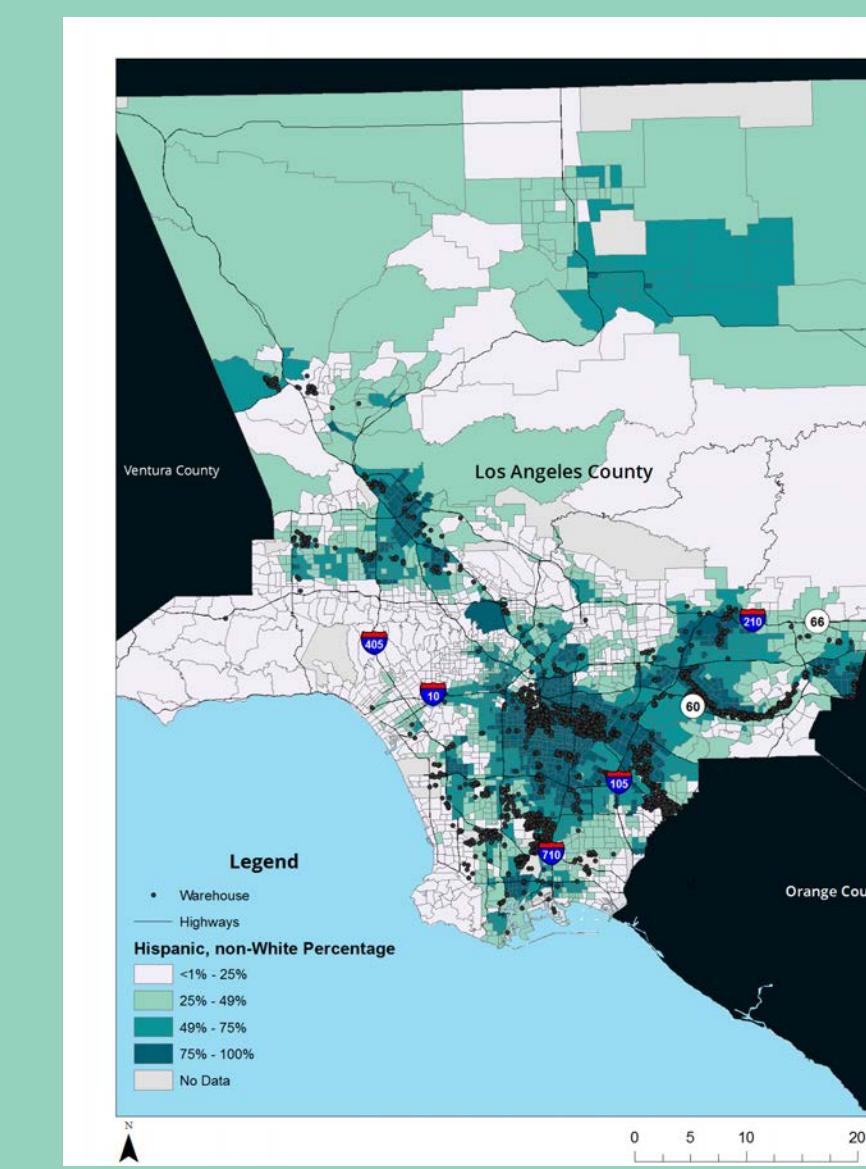
## Case Study: Geographical Analysis of Warehouse ISR

**Figure 10 & 11 (Left to Right) Distribution of EV charging station in relation to Warehouses over 100,000 square feet**

Source: Alternative Fuels Data Center (2019), South Coast Air Quality Management District

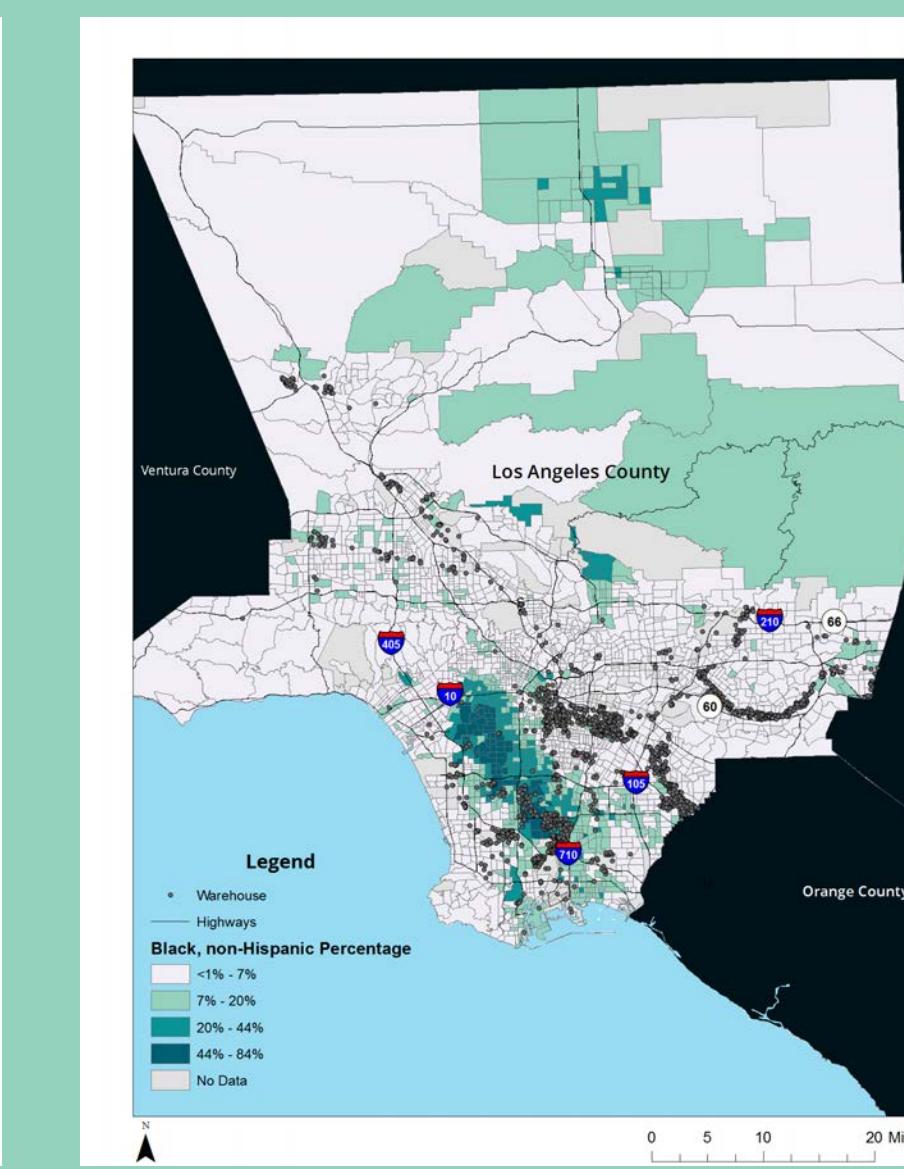


Description: The heat map highlights the distribution of electric vehicle charging stations highlighted in dark circles in relation to density of warehouses over 100,000 square feet. The density of large warehouses are depicted by the dark red where most are located in industrial neighborhoods of the county such as the City of Commerce. The electric vehicles are both private and public locations where L1, L2 and DC Fast chargers are available. Spatially, there is a lack of electric vehicles installed near these large warehouses opening avenues of job opportunity for IBEW Local 11.

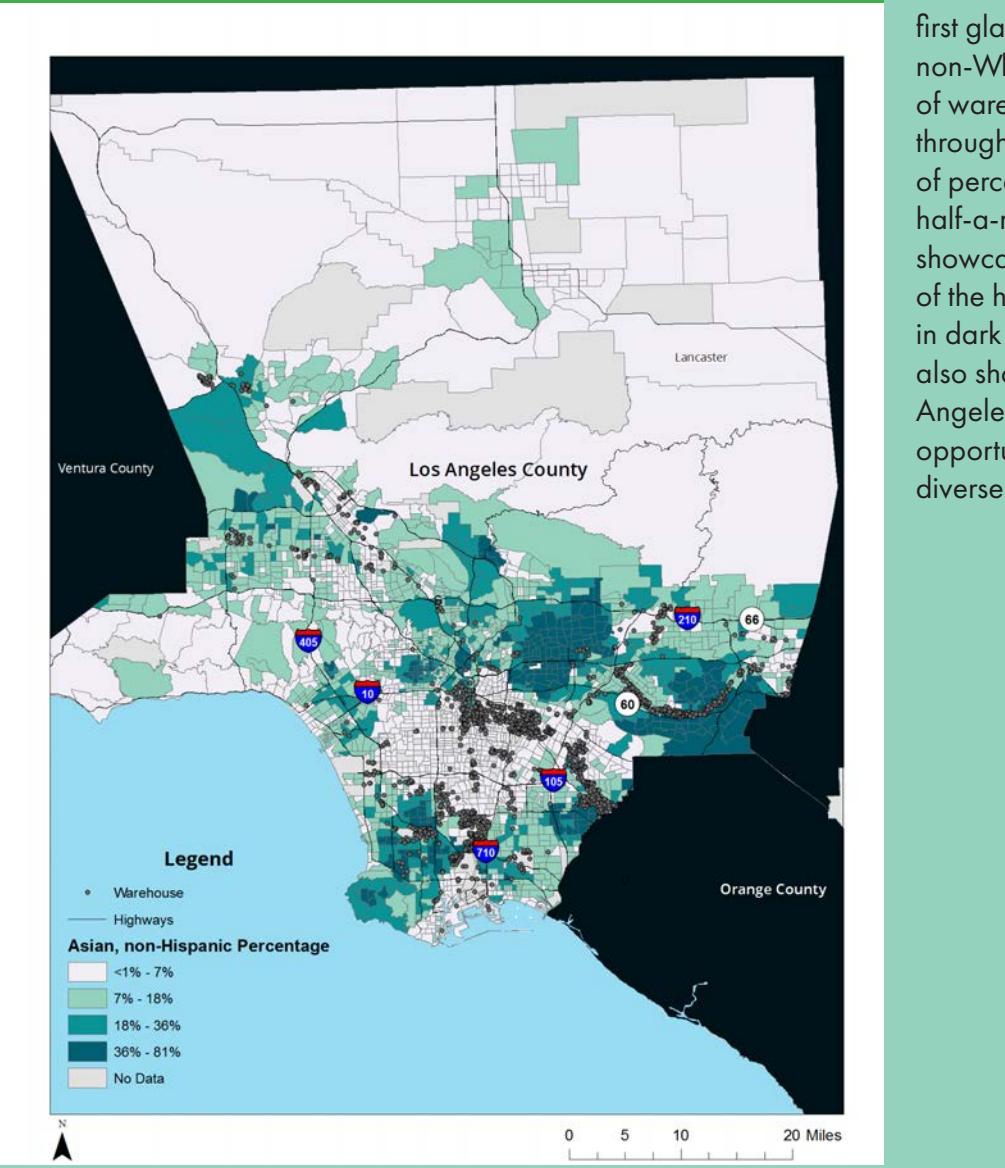


**Figure 12, 13, 14 (Left to Right) Percentage of Demographics Population near Warehouses**

Source: American Community Survey 5-year estimates (2014-2019)



Description: The three maps are showcasing race/ethnicity in Los Angeles County with warehouse over 100,000 square feet locations. First, the map on the right showcases percentage Hispanic, non-white in Los Angeles County with Warehouse location depicted in dark circles. A



first glance, the census tracts with the highest percentage of Hispanic, non-White population (in darkest blue) are also areas where density of warehouses over 100,000 square feet are located. Additionally, through buffer analysis we discovered about 40% of census tracts of percentage Hispanic, non-White in Los Angeles County are half-a-mile distance from a warehouse location. Similarly, the map showcasing both Black, non-Hispanic reflects the highest census tracts of the highest population of Black population in Los Angeles County in dark blue. The map showcasing Asian, non-Hispanic percentage also shows the highest percentage in dark blue. The diversity of Los Angeles County can serve as an advantage to organizing workforce opportunities because regulations such as ISR are prioritized in diverse communities.

## Recommendations:

- The Warehouse ISR demonstrates South Coast AQMD commitment to address environmental justice concerns and expand employment opportunities through the inclusion of local hire requirements for proposed decarbonization projects near communities of color. This rule signals a growing trend among public agencies to redress communities historically burdened by environmental degradation. Future public sector projects are likely to emphasize environmental justice as a key component as well. For these reasons, we recommend increasing apprentice recruitments in communities of color near projects to expand the membership base.

## Strategic Opportunity 4. High Road Training Partnership

The High Road Training Partnership (H RTP) is a California Workforce Development training initiative designed to promote strategic regional partnerships throughout the state. H RTP aims to create economically resilient communities by focusing first and foremost on equity and job quality.<sup>62</sup> More broadly the plan establishes a collaborative working agreement with industry to advance income equality, sustainability and job quality through skill-based training programs in various sectors. These “industry-based, worker-focused training” partnerships aim to demonstrate a shared prosperity between firms and workers for a just transition.

Studies suggest the renewable energy sector is more labor intensive, often interpreted as a positive attribute likely to create more jobs.<sup>63</sup> However, some studies have found the opportunity cost of transitioning to renewable energy sources can adversely impact conventional power plants which could lead to job losses in the economy.<sup>64</sup> For this reason, H RTP encourages strategies designed for a just transition for workers.

## Strengths:

- The H RTP program is expanding, completing two initial rounds of grants and currently in the process of its third installment. Overall the program has invested nearly \$22 million funding 22 grant proposals.
- The state is actively seeking feedback from industry stakeholders to improve and expand the H RTP program through workforce development strategies to support displaced workers.
- California Comeback Plan proposes establishing a 'Community Economic Resilience fund' with \$750 million for a High Road Transition. The fund will invest in regional collaboration to address local concerns for a just transition. \$30 million will support the organizing work by regional workforce development agencies to establish stakeholder roundtables, while the bulk of the funds will be for implementation grants that will fund strategies proposed by regional stakeholder collaboratives.
- Public and private partnerships can be shaped to consider the need for training

through supply side policies to support workers in transition.

## Challenges:

More education about the programs required at the local level to expand workforce development opportunities.

There are concerns that workforce development agencies have limited bandwidth and are unable to proactively meet the needs of various stakeholders.<sup>65</sup>

The \$750 million funding proposed for H RTP is a one-time budget allocation. H RTP does not have dedicated long-term funding from the state to support major investments in community capacity building and workforce development training.

## Recommendations:

- IBEW Local 11 should collaborate with the local Workforce Development Boards and attend stakeholder roundtables with other local labor groups to provide feedback for how state workforce development funds should be invested to best meet the needs of displaced workers and ensure a just transition.
- The H RTP program is an initiative that heavily promotes regional collaboration, and it is best to work jointly with the local Workforce Development Boards during the grant application process. Grant submissions are viewed favorably when there is noticeable support from local Workforce Development Boards.

# Finding Pathways Toward Eco-Transformative Economies for Solidarity in Garment Work

## The Eco-Transformative Landscape

Whereas labor organizations like IBEW Local 11 are readily integrated into the green future narrative, workers from sectors that are not presently driven by green tech, like garment workers, are underrepresented, if represented at all, by leading discourses. This is concerning for groups like the Garment Worker Center (GWC), a worker rights organization based in Downtown Los Angeles that aims to eliminate sweatshop labor in the fashion industry and improve working conditions for all garment workers.<sup>66</sup> They see the exclusion of garment workers from sustainability policies as well as from other long-range planning or policy documents to be a systemic issue that contributes to worker and workplace displacement and negligence when it comes to workforce development and training.<sup>67</sup>

The institutional devaluation of garment workers in Los Angeles is particularly unbalanced as the region has been largely shaped by the industry and continues to rely on its firms for local jobs and wages. Los Angeles is the largest manufacturing center in the United States, and as of 2016, the garment manufacturing industry, specifically, is the

largest manufacturing industry in Los Angeles. The garment manufacturing industry alone employs at least 45,000 of over 500,000 manufacturing jobs in the Greater Los Angeles Region.<sup>6869</sup>

Los Angeles County has 4,641 registered manufacturers and contractors that are involved in the industry, though this number is assumed to be low as there are likely to be many more unregistered apparel manufacturers that have not been accounted for by the state.<sup>70</sup>

Despite this, most environmental and socially ethical developments in the industry are driven by the market, not policy. Brands are particularly sensitive to public perception, and as their customers have gotten savvier about the manufacturing process, many have responded by sourcing more sustainable fabrics like organic cotton, or have employed some level of circularity in their processes, to reduce waste. As brands have invested in high cost materials and new systems, sustainability has been leveraged to introduce these products as something that is new to the market, something that consumers can indulge in without concern of the environmental ramifications<sup>71</sup> The conversation put forward by consumers has not yet fully evolved; improving conditions for garment workers has not yet been aligned to the discussion on sustainable manufacturing. This framing has minimized the

opportunity that garment workers might have to benefit from this broad industry transition; largely, garment workers have been subject to the same issues of wage theft that they faced before.<sup>72</sup>

As Los Angeles has become less and less of a manufacturing city, industry stakeholders have called on the need to break out of the assembly line and emphasize cross training through the use of new sustainable tech.<sup>7374</sup> However, the road to sustainable garment manufacturing in Los Angeles is particularly challenging as the industry's infrastructure and networks are already established, and limitations such as small firm sizes and limited investment capital make the production system very rigid and inflexible.

According to one industry stakeholder, most factories are not bringing in new technologies, and machinery can be so expensive that simple repairs can cause extreme burdens on industry employers.<sup>75</sup> That all being said, undertones of a garment revolution in Los Angeles have been identified. One of the greatest strengths in the garment worker industry now, as described by one researcher, is the fact that there is a new wave of young, progressive employers that care about their workers and the issue of a just transition. These employers look to new systems, processes, and even markets, to advance the industry locally.<sup>76</sup>

## History of Garment Work in Los Angeles

Garment manufacturing has historically been characterized by highly extractive systems and a cycle of consumption and production that endangers and undervalues garment workers. These systems situate apparel and fashion companies as gatekeepers between markets and consumers, and enable retailers to set prices and manufacturing standards. The industry has generally relied on this oppression and exploitation of workers to expand its profit, particularly through the implementation of sweatshops - manufacturing workshops focused on cheap, and fast production able to meet high quantity at high turnover rates through a hazardous production process and exploitative workforce environments.<sup>77</sup> This all holds particularly true in Los Angeles, where garment workers have historically been treated by brands as the bottom rung of the production to retail ladder with little consideration for the human cost and hazards of labor in fast fashion.<sup>78798081</sup>

The Los Angeles garment industry first started as a manufacturing center for cloaks and dresses in the early 20th century. Since the founding of the industry in Los Angeles, unionization of garment workers has gone through different iterations of organizing that has consistently drawn on the largely immigrant and female workforce of the industry. The first union local in Los Angeles for the International Ladies' Garment Workers' Union (ILGWU) for garment workers was organized



Source: Sara Tatyana Bernstein, "Striking Garment Workers Use Fashion to Show They're Consumers Too," Racked, December 5, 2017, <https://www.racked.com/2017/12/5/16715160/picket-line-fashion-union.2659/rec/6>

in 1907 but was short-lived. Unionization of the industry would be catalyzed in 1933 by the leadership and organizing of Rose Pesotta, a Jewish garment worker and organizer for the International Ladies Garment Workers Union. The workers of the 1930s were primarily spread throughout sweatshops in downtown's garment districts, with Latinas comprising nearly 75% of workers. Workers were able to successfully organize through Rose Pesotta who defied the white male leadership of ILGWU by forming bilingual partnerships with immigrant Latina laborers. The 1933 strike was successful in establishing a local union, Dressmakers Local 96, and establishing the ILGWU as a player in local politics particularly during the 1947 and 1949 mayoral races.<sup>82</sup>

In the 1950s, the sector gradually shifted away from cloaks and dress towards sportswear production, diminishing labor power due to the emphasis on faster, cheaper products and an assembly style production. The LA local for ILGWU would merge with other locals industries and fully transitioned into the Los Angeles Dress and Sportswear Joint in the 1955 and later rebranded in the 1970 as the Los Angeles Joint Board, now assimilated under the Workers United Western States Regional Joint Board in partnership with the SEIU and with a focus exclusively on linen, laundry, and uniform workers.<sup>8384</sup> By the 1980s, the expanding port sector, cheap land values, and local labor surplus of Los Angeles drew the industry from New York to Los Angeles, and inspired a significant growth of the sector in the Los Angeles region.

ILGWU still continued in Los Angeles, creating a Garment Workers Justice Center in 1989 focused on LatinX membership but their power was greatly undermined by the efforts of local white, male leadership in the union.<sup>858687</sup> The signing of NAFTA as well as the devaluation of the Mexican peso started a gradual move of production from Los Angeles to Mexico and other factories overseas, exacerbated by the increase in deportations of workers and immigrant organizers across multiple industries including apparel.<sup>888990</sup> In 1995 ILGWU merged with the Amalgamated Clothing and Textile Workers Union (ACTWU) to form the Union of Needle Trades, Industrial, and Textile Employees (UNITE). Upon UNITE's merger with the Hotel Employees and Restaurant Employees Union (HERE) the remaining apparel and laundry services left and joined the Regional Board Western Chapter of the Service Employees International Union (SEIU). By the late 90s garment unionization remained greatly diminished with the exception of some industries like laundry and uniform apparel whose public contracts provided greater bargaining power and accountability.<sup>91</sup>

That same year, federal and state officials in partnership with the Thai Community Development Center discovered 71 Thai women in conditions of slavery in a garment factory in El Monte. The case caused massive change at a federal and state level, with the passing of anti-sweatshop laws like AB 633 and immigration bills that provided protection for trafficking victims. The event also saw the rise of Sweatshop Watch, a coalition of labor, community, and immigrants/human rights organizers and organizations

focused on eliminating the exploitation of workers in sweatshops. Key successes include providing restitution and justice for former El Monte slave sweatshop workers, raising minimum wage in California in 1996, passing sweatshop reform law for 160,000 garment workers in 1999.<sup>92</sup>

But by 1997, the Los Angeles garment industry had already experienced a sharp decline of roughly 70% from its zenith in the 80s as manufacturing shifted to an outsourcing model for cheap, exploitative labor in Mexico, the Caribbean and East Asian countries, from which it still has not recovered.<sup>9394</sup> One emblematic case was the campaign by Garment workers against the extremely exploitative practices of Guess Inc. While drawing a large media attention to the company, Guess pulled out of Los Angeles, reducing its local workforce from 70% to 35% in Los Angeles in 1997 alone and outsourcing most of its production overseas.<sup>95</sup> Though the company cited commercial reasons, it was following a pattern by many other brands avoiding domestic scrutiny through the transfer of exploitative production practices overseas. Organizations like Sweatshop Watch and other organizations were able to win lawsuits in 1999 with major retailers agreeing to implement independent monitoring in factories in Saipan to prevent practice of indentured servitude.<sup>96</sup>

The events of the 1990s would lead to the founding of the Garment Workers Center in 2001, building on the coalition of agencies and organizations such as Sweatshop Watch, and the Regional Board. Since its creation GWC has been the central organization for Los Angeles garment

worker mobilization, having led several lawsuits against factories for wage threats, some of which have been successfully won by their plaintiffs.<sup>97</sup> The GWC has also led charges to boycott fast fashion brands such as Forever 21 and Ross Dress for Less, and is currently working to institutionalize minimum wage in the California garment industry by way of Senate Bill 62, introduced by Senator Durazo and currently co-authored by Senators Skinner, Gonzalez, Hertzberg, and Leyva.<sup>9899</sup>

Due to the shortcomings of AB 633 and the lack of enforcement tools available, Garment Workers Center gathered a coalition of private actors and organizations to push for SB 62, "The Garment Worker Protection Act." Organizations like the California Retailers Association labeled the bill as a job killer, with many retailers coming out against the bill's 'brand guarantors' clause that would hold brands and apparel companies under joint liability for wage violations within partner garments manufacturers contracted for in-house brands.<sup>100</sup> The bill would add legal enforcements to AB 633, which lacked the tools and resources to hold brands accountable for exploitative working conditions. As well as increasing brand liability, SB 62 would also end the piece-rate system wherein workers are paid a minuscule amount, sometimes 3-6 cents per piece of clothing made, instead of hourly and livable wages.<sup>101</sup>

Today, much of the industry's production in Los Angeles is centered on fast fashion, or the mass, rapid production of celebrity or high fashion trends at significantly lower costs, and centralizes on the manufacture of generally less constructed

and intensive garments.<sup>102103</sup> Local garment workers have built the rise and success of fast fashion brands like Ross, Forever 21, and Fashion Nova, yet are still subject to concerning labor conditions and stunted job growth.<sup>104</sup> Ultimately, what has resulted from these shifts is the wide application of fast production that underpays and undervalues garment workers.

## Impact of the Covid-19 Pandemic

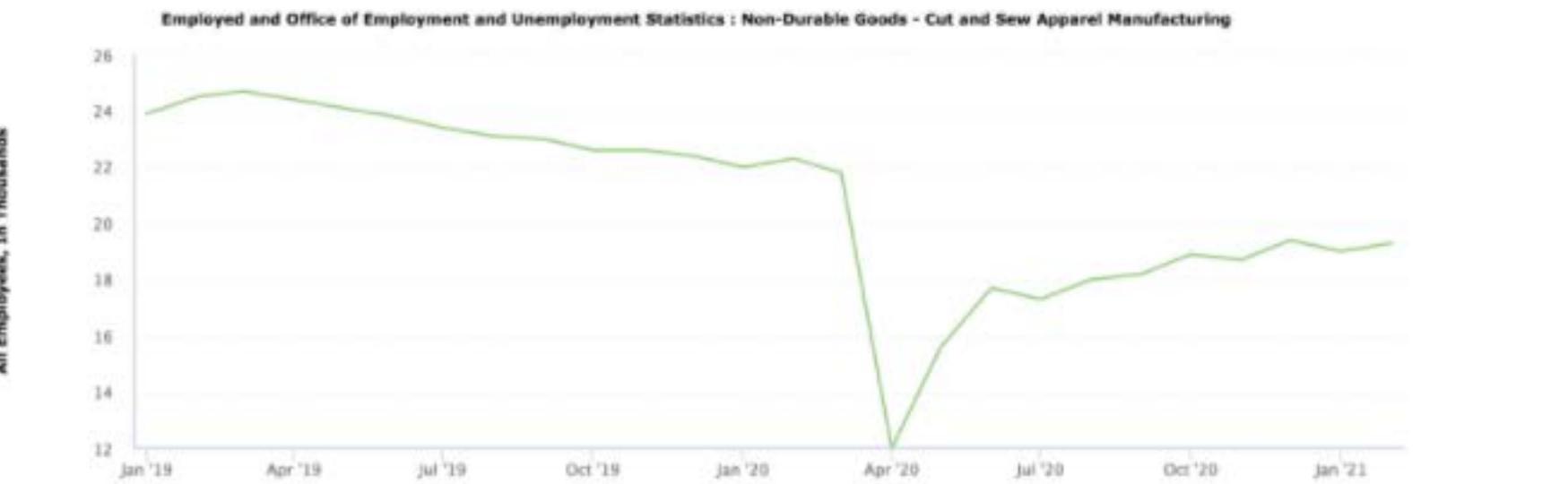
In 2020, when the Covid-19 pandemic expanded globally, the pandemic's disruption on the garment industry was noted globally when slowed consumption of new apparel goods caused major brands to cancel their production orders, leaving factories and therefore garment workers without pay for manufacturing that had already been completed.<sup>105</sup> In Los Angeles, this disruption caused roughly half of the region's garment workers to be laid off, though the exact number laid off cannot be accurately estimated due to the informal nature of employment. As a result, a priority concern among garment workers when the pandemic began was their ability to pay rent.<sup>106</sup>

At this time, garment manufacturers and contractors were instructed to stop production of apparel goods and instead supply personal protective equipment, namely masks, for the nation's healthcare system. Though Los Angeles region decision makers declared garment workers essential, the internal structure by which the industry operates left many without pay or health

and safety standards that they rightfully deserve. As producing equipment, like masks, was seen to be less intensive, workers' pay was often reduced to two cents per seam, which is much lower than the preceding standard of what was often five to ten cents per seam.<sup>107</sup> Furthermore, many employers failed to provide safe and distanced work stations and, as workers were confined to side-by-side cut and sewing stations often to twelve hours in what are often windowless factories, exposure to and transmission of Covid-19 among garment workers became commonplace.<sup>108</sup> In Los Angeles County alone, thousands of these workers contracted the virus and several of them died.<sup>109</sup> These conditions, still ongoing, have exposed garment workers to further displacement and other economic risks, as well as caused undue health implications and exposure to Covid-19.

Despite the health risks associated with their work and the important contributions they made to support the public throughout the Covid-19 pandemic, locally and beyond, California decision makers did not prioritize garment workers for early vaccination. Los Angeles County and California health departments were unable to provide vaccines because the industry had not been clearly categorized under "critical manufacturing" by deciding agencies.<sup>110</sup> The devaluation of garment workers and the disinvestment of their lives and livelihoods by policymakers and government decision makers has advanced their exploitation and abuse. However, the beginnings of a new wave of community mobilization is in sight. Over the course of the Covid-19 pandemic, membership of

**Figure 16. Number of workers in the Los Angeles-Long Beach-Glendale, CA Metropolitan Division (by thousands) before and after the pandemic.**<sup>107</sup>



Source: BLS Data Viewer." Accessed June 5, 2021

the GWC has tripled. The organization served as a trustworthy resource for information and cash and food assistance.<sup>112</sup>

## Industry Characteristics

### Characteristics of the Labor Force

The production from retail and assembly can largely be described through three broad categories and steps: retailers/brands, manufacturers, and contractor/subcontractors. Retailers and brands determine the price and quantity of production, and their role as gate consumers and manufacturers positions them a node of power in the garment industry.

Manufacturers follow suit in the production cycle, largely playing the role of assemblage and preparing final garments for delivery to their respective brands and retailers. Brands and other apparel companies may have in-house design and manufacturing facilities, but regardless of ownership manufacturers most likely source out particular assembly and design portions to small contractors and sub-contractors focused on even more specific and specialized assembly in the production line, such as assembling apparel from material that larger manufacturers or brands often provide. At each scale of the production process, earnings are based on proximity to markets and consumers, with retailers and brands earning the largest margins of profit, followed by larger manufacturers, and contractors and

subcontractors.<sup>113</sup>

Garment workers tend to be particularly vulnerable members of the workforce. In Los Angeles, the workforce is primarily composed of immigrant women earning significantly less than minimum wage and experiencing substantial wage theft by their employer.<sup>114</sup> These workers have historically been of Latino and Asian descent, with the majority today being of Latino backgrounds.<sup>115</sup> Out of the 45,000 workers present in Los Angeles today, roughly half are thought to be undocumented.<sup>116</sup><sup>117</sup> Those characteristics that make garment workers vulnerable also make it hard to quantify their demographics and quantitatively assess their needs. According to one labor organizer,

garment workers often subject themselves to informal roles in the sector due to fear of immigration enforcement, and to deportation threats by employers.

Many garment contractors take advantage of this vulnerability through unsafe and exploitative working conditions that often go unenforced by regulatory state agencies.<sup>118</sup> Cut and sew firms in LA typically only last for about 13 months, with firms ranging from 5 to 50 workers, with more than 80% of firms in LA being at fewer than 20 employees. Factory size is intentionally limited to a small workforce that can be more easily laid off during slow periods and profit shortfalls. When this happens, informal contractors can easily shut down and reopen shops in other locations, under different names to avoid legal liability or payment of employee back wages.<sup>119</sup>

Researchers expect garment work in Los Angeles

to remain stable at a minimum of 45,000 individuals employed within the industry, if not grow in size, even if labor-positive policies like SB 62 are to be enacted. With fast fashion, brands' demand changes constantly, and it is integral to have manufacturing locally and ship products off quickly to meet ever-changing fashion trends and demands.<sup>120</sup>

### Wages and Benefits

Garment workers in Los Angeles and, more broadly, the State of California, are embedded in a piece rate system that incredibly undervalues labor costs and, in many cases, where employers are enabled to pay workers less than \$5 an hour

for working weeks that often go 6 or 7 days a week.<sup>121</sup> The most prevalent shortcoming of AB 633 prohibiting the piece rate system and its lack of brand guarantor regulations.<sup>122</sup> Piece rate system enables the model of fast fashion based on quick turnarounds and a payment process based on products sewn rather than hourly wage, with workers having to produce over 200 pieces of apparel each hour for 40 hours just to make minimum wage. Even when working at the average rate of 2.5 minutes to make a t-shirt, a sewing operator would only be able to make 24 t-shirts in one hour, and most garment workers earn sub-minimum weekly wages of \$305.56.<sup>123</sup>

Interviewers with researchers referenced that there is no data to show that the piece rate system benefits workers. The piece rate system has been a custom of the industry that is adopted by the industry as a whole to low ball contractors and give them contracts to produce fabric/products that are low prices for the consumer.<sup>124</sup>

The El Monte sweatshop case revealed the lack of enforcement and regulation in an industry that was enabled to operate in clear abuse of its workforce by the undervaluing and wage theft of workers that still continues to this day.<sup>125</sup> AB 633, came in large response to the inhumane conditions of the El Monte case as well as various other garment facilities in hazardous conditions but the bill was limited in its scope and lacked the tools and resources that address systemic issues.<sup>126</sup><sup>127</sup> A study in 2010 by UCLA's Labor Center found 92.5% of garment workers reported weekly overtime violations rates in 2008.<sup>128</sup> In 2013 a similar study found 60% of Los Angeles garment workers were paid less than minimum

wage and 90% did not receive overtime pay even after working more than 40 hours per week.<sup>129</sup>

While AB 633 created a greater regulatory process and oversight of the industry by the Division of Labor Standards Enforcement (DLSE), including the ability to subpoena contractors' book-keeping and establishing an expedited claims process for stolen wages, the tools of enforcement were found to be severely under-enforced over the years.<sup>130</sup> Many workers found the claims process arduous, and difficult to navigate, as well as a system that lacked adequate resources to enforce sanctions against bad actors.<sup>131</sup> One report examining the legal recovery of unpaid wages found that only 7 percent of workers who filed claims with the DLSE for unpaid wages received any form of payment. This means most workers never recover the owed wages and are pushed further into poverty.<sup>132</sup>

SB 32, "the Garment Workers Protection Act," is a direct response to the lack of enforcement in the previous AB 633. The Garment Workers Protection Act passed the Senate with a majority of votes and is currently awaiting committee hearings and a vote in the assembly. SB 32 would provide greater accountability through the previously mentioned Brand Guarantors, improve transparency and accountability in the industry, and provide greater discretion in the management of the Garment Worker Protection Fund.<sup>133</sup>

### Workplace Safety and Covid-19

The Los Angeles apparel and garment industry has a long history of labor exploitation and abuses including hazardous workplace environments, lack of accountability by brands, piece rate wages and wage theft, as well as the extensive impact of policing in the industry. Systemic hazards in garment factories enabled some of the worst outbreaks of Covid-19 in the city of Los Angeles. One brand, Los Angeles Apparel, had four workers die and 300 test positive for Covid-19 within their proprietary factory.<sup>134</sup>

Several other outbreaks occurred in manufacturers contracted with brands like Fashion Nova, Francesca's, Lulu's, and Papaya, but many went unreported or undisclosed largely due to fear of repercussions from employers and the greater scrutiny from immigration agencies.<sup>135</sup> Throughout our interviews with industry insiders, labor advocates, and researchers we found the increasing use of homeland security and immigrant policing systems creates greater scrutiny in the industry and leaves undocumented garment workers fearful of deportation and hesitant to report workplace abuses.<sup>136137</sup>

Besides the social hazards, the physical environments of these spaces create hazardous workplaces that became prime vectors for the spread of Covid-19, due to the lack of circulation and hygienic services in hot, laborious, and dusty environments. In a previous 2015 "Dirty Threads" report from the Garment Worker Center, surveys from over 300 workers found that 60% reported excessive heat and dust accumulation due to poor ventilation and 47%. The intense and repetitive

use of operating industrial scale sewing and cutting machines for workdays of 8-11 hours or more, sometimes 6-7 days straight, causing severe strain, musculo-skeletal issues, and nerve pain. In the same 2015 report 32% of garment workers had experienced an injury in the last 3 years, and while an overwhelming majority of workers had reported injuries, half of them received a negative response from their employer.<sup>138</sup>

## Training

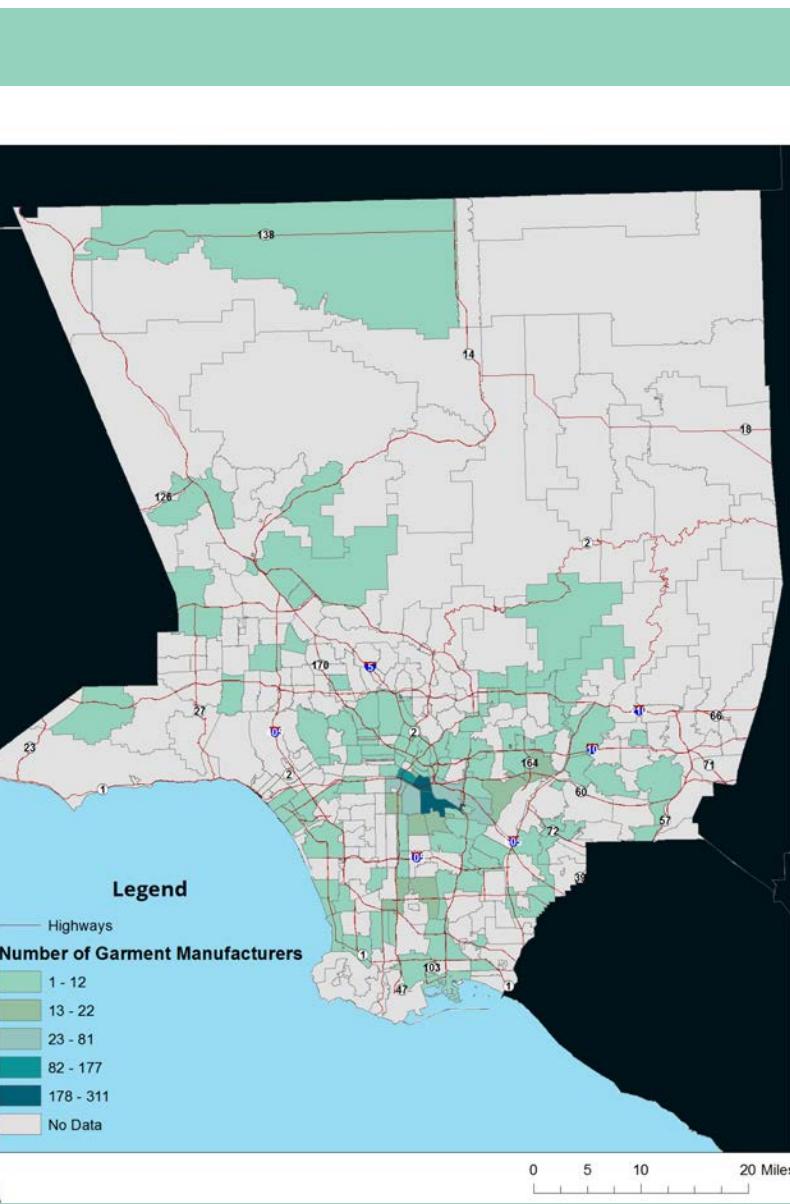
Workers often receive training periods of up to five months to reach average production and assembly of a garment piece, with some LA operators reaching 700 pieces in a work day.<sup>139</sup> Throughout our interviews with industry stakeholders we found the average production time of a sewing operator to assemble one t-shirt to be around 2.5-5 minutes, with some interviewees citing a large quantity of waste created through these production cycles.<sup>140141</sup> These interviews also revealed a consistent demand for versatile production lines, with almost all interviewees citing a growing need for workers trained not just in assembly or a particular stitching methods, but able to meet a variety of stitching needs, and in some cases, be able to operate more advanced technology, print design digital tools, and dyeing machinery.<sup>142143144145</sup>

## Geographical Dimensions

Los Angeles is the largest hub of apparel in the United States, with almost half of domestic apparel manufacturing firms located in Los Angeles county alone.<sup>146</sup> The Los Angeles

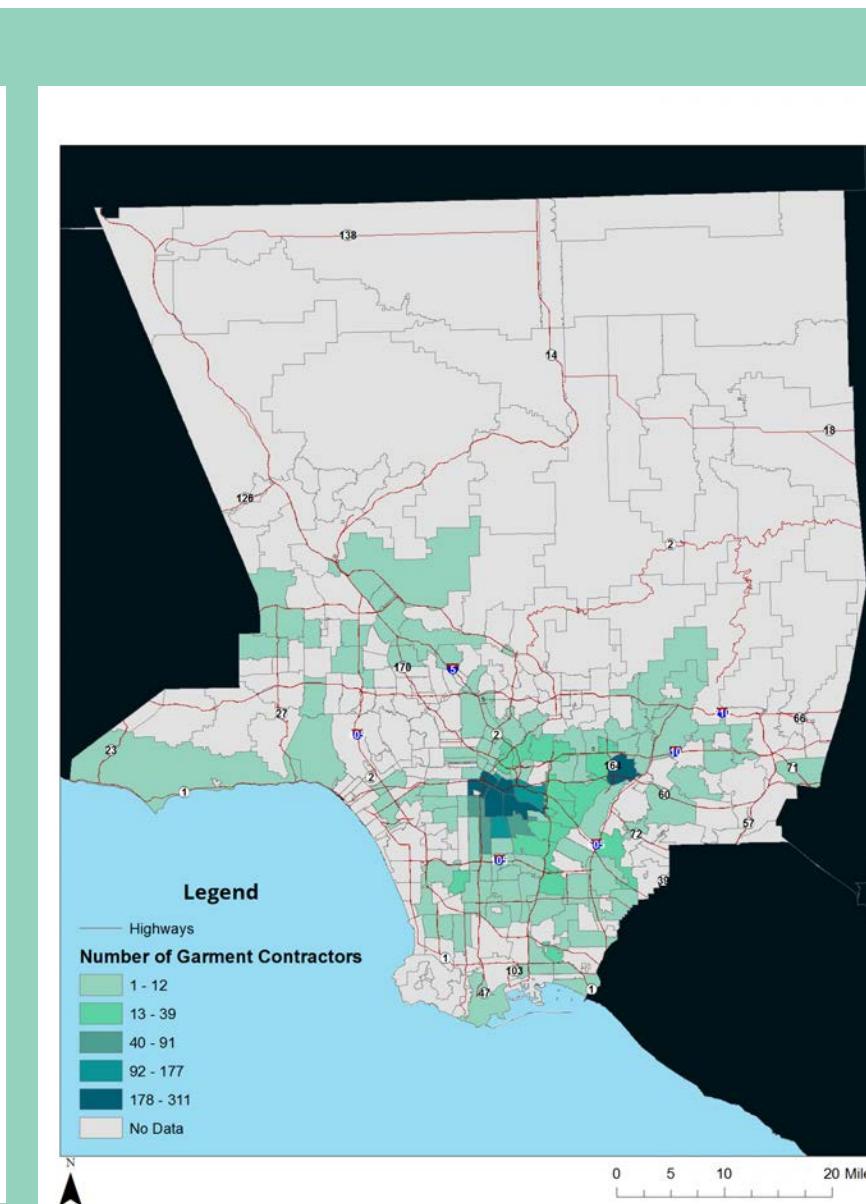
Metropolitan area has 7.8 times the national average of these jobs, and a third of all apparel manufacturing jobs in America are in the Los Angeles metropolitan area<sup>147</sup> The garment industry is deeply interconnected to the Port of Los Angeles and the Port of Long Beach (collectively referred to as the San Pedro Bay Port Complex) due to the port's role as a gateway to foreign markets, suppliers, and distribution channels. The San Pedro Port is seventh busiest in the world with over nine million containers passing through the complex with apparel making up the third largest number of containerized imports and fabrics and raw cotton the third largest containerized export since 2018.<sup>148</sup> Apparel manufacturers, brands, and contractors are clustered with great interconnectivity at a local level through industrial districts and parks. Much of the product that reaches Los Angeles's apparel factories are brought in through the port half-sewn and through bulk import from factories on the Pacific Rim, to be assembled, treated, and finished through Los Angeles's garment network.<sup>149</sup>

The key node of apparel production of Los Angeles has been the Fashion District located south of City Hall and bounded by Washington Boulevard south of the 10 highway. The Fashion District's proximity to brand and apparel companies in the downtown area, and the interconnectivity between resident manufacturers and contractors creates a short distance between the production and retail of apparel. Throughout our interviews with industry stakeholders, the issue of rising rents for both residential and commercial leases creates an increasing pressure for displacement. Many expressed doubts about



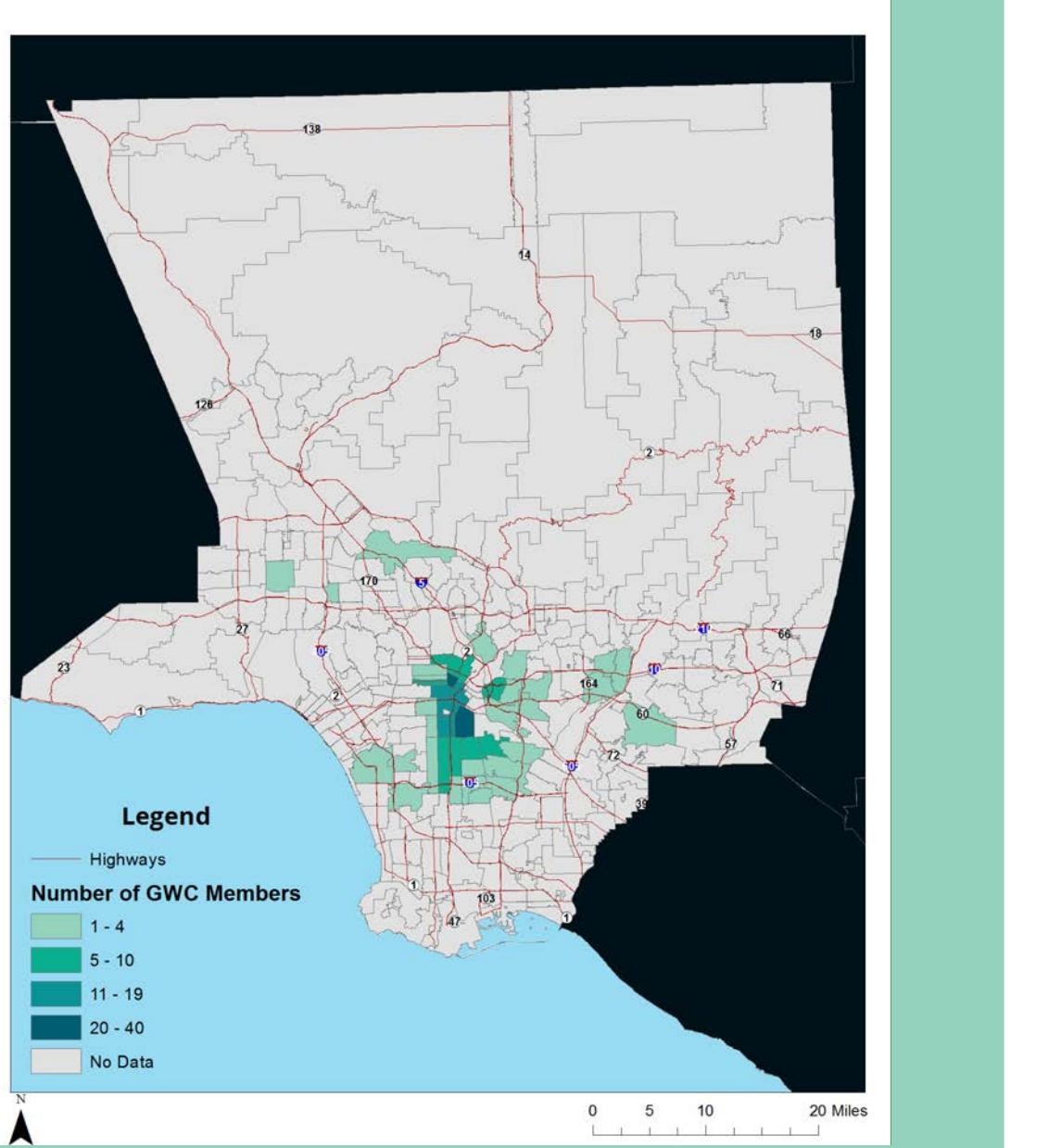
**Figure 17 Concentration of Garment Manufacturers in Los Angeles County by Zip Codes**

Source: Open Apparel Registry



**Figure 18 Concentration of Garment Contractors in Los Angeles County by Zip Codes**

Source: Open Apparel Registry



**Figure 19 Concentration of Garment Workers Registered with the  
Garment Workers Center in Los Angeles County by Zip Codes**

Source: Garment Worker Center 2021

of the Fashion District, with one highlighting its existence as a symbol but that the tax breaks and rents in like the City of Vernon, Huntington, were attractive to businesses the commute times of garment

aders identified the loss of mobility  
se workers during the pandemic  
ge and dense family households  
lties sharing family vehicles.<sup>151152</sup>

are depicted in Figure 14 and are located in zip codes within the downtown Alameda corridor. In part, these clusters reflect the area's deep history of manufacturing, and other suppliers, and the high density of co-ethnic residents in the Downtown and Central Los Angeles, as well as the proximity of Long Beach to the port, and Los Angeles and El Monte to factories in the Inland Empire.

ore 15 (in pink), contractors mirror larger manufacturers from Figure 2. This is El Monte in the east side, which to this day is still a major center for contractors and manufacturers in access to outlying contractors and the Inland Empire through Interstate 10 to downtown and the ports of 105 and 605 highways.<sup>153</sup> The GWC are represented in

are only a sample of the total number in LA, and are largely condensed to the areas surrounding the Downtown garment workers live almost adjacent to Downtown Los Angeles neighborhoods like Historic South Central, Westlake, East LA, and Koreatown. The high concentration of garment workers in downtown is a strong contrast from the concentration of contractors in the heart of the district. Much of this is in large part to the fabric of Downtown Los Angeles Union District. Increasing gentrification, and a history of urban revitalization have perpetuated a housing crisis in the area, forcing garment workers to seek alternatives in Westlake and Koreatown, South Los Angeles, Historic South Central, and the Crenshaw Corridor.<sup>154155</sup>

the City's household growth within the City. While the plan's Community Benefits was cited as an incentive for developing affordable housing, no additional information is available to determine goals and methods of development of affordable housing. The land use plan zones the Fashion District as single use, but with proposed changes, the District will become a mixed use area. Commercial and Residential zoning will be achieved through the funding from the development of transit infrastructure.<sup>158</sup>

## Political Relationships

Though garment workers experience poor working conditions, the garment industry is one of the most regulated industries in California.

## Political Relations

Though garment workers experience some of the worst working conditions, the garment industry is one of the most regulated industries in California. The California Labor Code and the California Occupational Safety and Health Administration's (OSHA) of Regulations mandate specific rules to protect workers' timely and commensurate compensation. Local governments enable governmental labor agencies to conduct unannounced inspections and visits. Local governments' efforts, however, do not successfully ensure safe working conditions and minimum wage for the workers, particularly in Los Angeles. As described by one labor organizer, in Los Angeles, there is no localized, formal infrastructure for labor advocacy or programming for the industry. The city does not have an exhaustive register of all the Los Angeles garment facilities in the apparel sector and pays little attention to pay is unregulated; simultaneously, there are many unregistered manufacturing facilities in the city. As a result, there is no understanding of how many garment manufacturing firms and factories there are or how much wage theft occurs. Regulation is not enough; there is no way for local agencies to calculate the number of garment workers in the city.

are only a sample of the total number of garment workers in LA, and are largely condensed to the immediate neighborhoods surrounding the Downtown garment workers live almost entirely adjacent to Downtown Los Angeles in neighborhoods like Historic South Central, East LA, and Koreatown. The plan does not provide any information on the City's household growth within the area. While the plan's Community Benefit Program was cited as an incentive for developers to build affordable housing, no additional information was available to determine goals and metrics for the development of affordable housing. The current land use plan zones the Fashion District as a residential area, though the residential population has been declining over the past decade.

amount of investment or support needed for garment workers.<sup>161</sup> This lack of clarity problem is likely to be a barrier to decision makers responsible for advancing workforce development on political scales, particularly because the workforce development objectives are to produce discernable benefits that can be calculated and communicated to the public.

the District will become a mixed use of Industrial, Commercial and Residential zoning, particularly through the funding from the development of transit infrastructure.<sup>158</sup>

Los Angeles has been the site of large-scale development, driven by the construction of apartments and a lack of affordable and commercial units. The City of Los Angeles Department of Planning recently drafted a specific plan for Downtown Los Angeles, titled DTLA 2040, that emphasizes development proposals for mixed-use zoning, infill development, and pedestrian-oriented design.<sup>156</sup> The new plan would see a range of updates to the area's land use that would align with growth projections.

Though garment workers experience poor working conditions, the garment industry is one of the most regulated industries in California.<sup>159</sup> The California Labor Code and the California Code of Regulations mandate specific rules regarding workers' timely and commensurate pay, and enable governmental labor agencies to make unannounced inspections and visits.<sup>160</sup> These efforts, however, do not successfully establish safe working conditions and minimum pay for the workers, particularly in Los Angeles. As described by one labor organizer, in Los Angeles, there is no localized, formal infrastructure or programming for the industry. There is no exhaustive register of all the Los Angeles-based facilities in the apparel sector and piece rate

economic workforce development investments to the garment industry, as they did not believe that local government should provide support to employers that fail to provide their workers with basic rights like minimum wage.<sup>164</sup> Through these conversations, funding access was a concern highlighted to be a major limitation for garment worker investment, as most workforce dollars are sourced from the federal government, and these funds cannot be used to support undocumented workers.<sup>165</sup> Therefore, it can be understood that the failure of local government to establish safe working conditions, as well as the failure of the federal government to support immigrant workforce, have been leveraged as excuses by policymakers to neglect the industry and its workers as a whole.

with one policymaker identified the plan as keeping the downtown area intact, with greater access to open space. The plan aims to concentrate 20% of many unregistered manufacturing facilities. As a result, there is no understanding of how many garment manufacturing firms and factories exist or how much wage theft occurs. Relatedly, there is no way for local agencies to calculate the ultimate, labor and research interviewees suggested that garment workers are better at achieving just outcomes by developing tactics to shape policy at the state level, as opposed to

the local level; local ordinances do not have the same powers as those put forward by the State. Though the City of Los Angeles has been seen to put forward some local input on the matter of sweatshops, the ordinances put forward were only in regard to banning sweatshop conditions for products contracted by local and federal government agencies, as opposed to within the industry as a whole.<sup>166</sup><sup>167</sup> Therefore, the City has not taken action to support garment workers working for firms with private contracts, and has allowed market forces instead of government oversight to dictate the treatment of garment workers in Los Angeles.

SB 62, a current priority for GWC, is a state level policy that is in the process of review by the California Senate. On May 25, the Senate Floor overwhelmingly voted to support the bill. Between June to September 2021, the bill is set for review by multiple committees before it is recirculated amongst the Full Floor.<sup>168</sup> GWC has been able to leverage political relationships for this effort, particularly by way of Julie Su, the Secretary for the California Labor and Workforce Development Agency, whose career in labor law was cultivated by her experience working with GWC fighting for the enslaved garment workers of El Monte.<sup>169</sup> interest in goods that are produced locally and support local garment workers.<sup>173</sup> The infusion of sustainability into the sector through a labor lens is further supported by the Biden-Harris Administration's recently proposed Build Back Better Bill, which suggests government investment in the revitalization of manufacturing and domestic supply chains.<sup>174</sup> The following section outlines four region-specific strategic opportunities that can be employed by GWC to create more jobs and improve working conditions for garment workers of Los Angeles, identifying the strengths and challenges, and proposing

# Strategic Opportunities: Establishing a Just Transition for Garment Workers

consider  
economic

Though garment workers are not traditionally framed to be workers with “green” jobs, there

## Strategic Opportunity 1. Worker-Designed and Approved Manufacturing Certifications

geles suggest that this transition may be. Circular fashion, a regenerative shift to garment manufacturing that entails a waste loop driven by changes in consumer demand and supply side production processes, has Western markets.<sup>171</sup> Simultaneously, the use of 'sustainable' materials like recycled and organic cotton fuels much of the fast industry's recent product development.<sup>172</sup> Recently, there is increasing consumer demand for goods that are produced locally and by local garment workers.<sup>173</sup> The future of garment manufacturing is uncertain, but the pandemic has highlighted the critical need for a domestic and local manufacturing source within the United States.<sup>173</sup>

ens is further supported by the Biden administration's recently proposed Build Back Better, which suggests government investment in revitalization of manufacturing and securing supply chains.<sup>174</sup> The following section identifies our region-specific strategic opportunities to be employed by GWC to create more opportunities to improve working conditions for the garment workers of Los Angeles, identifies related opportunities and challenges, and proposes programmatic recommendations for GWC to consider while responding to these political and economic openings.

The essentialization of garment workers and the garment industry is occurring parallel to the rise of smaller fashion businesses with strong digital branding that reflect a younger audience demographic. Among consumers from newer generations, particularly Generation Z (1997-2015), there is greater conscientiousness of brand and product identities and values with one retail consulting firm, PFSK, finding 58% of Gen Z prioritized a brand's purpose and values. Most surveys of younger consumers show a growing demand for sustainable, and ethical products from a consumer market that represents nearly \$350 billion of spending power in the US between millennials and Gen Z.<sup>177/178</sup> The essentialization of the apparel industry, the growing presence of smaller, influencer-based fashion brands, and a demand from a young and growing fashion-minded consumer class creates a key opening for GWC to pursue.

quality products, eco-transformative conditions, and sustainable apparel.

es garment workers can champion these consumer and market patterns by an industry certification that establishes a standard for improved labor conditions and the production processes. By adopting this certification, complying firms can tell a narrative that Los Angeles is not the past, but a future of ethical and sustainable garment making.

- Manufacturing in Los Angeles is convenient and efficient. Many brands move to Los Angeles seeking access to its ports and logistics channels.<sup>179</sup>
- Growing demand from digital distribution channels has led to a need for centralized and domestic production that is able to quickly and flexibly meet a wide range of consumer demands and garment needs.<sup>180181</sup> One study found that 83% of customers said that product availability and access is more important now than 5 years ago.<sup>182</sup> A localized, fast turnover rate between production to consumption will be necessary to meet the high criteria of national demand.<sup>183</sup>
- The growing emphasis on digital platforms and distribution channels creates an added layer of transparency and accountability for unethical brands to be scrutinized, and ethical brands to be lifted.<sup>184</sup>
- Our interviewers cited the prevalence of greenwashing in the industry and a growing need for a standard of certification that is centralized and backed by a recognizable and local agency or
- The market is saturated with various standards that make it difficult to keep brands accountable across the production line and life cycle of a product.<sup>187</sup>
- The city, county, agency, and/or local political administration may not have the desire to become involved in a role that could be considered regulatory, and may be averse in linking sustainability with labor policies, as seen in larger debates around the Build Back Better bill's climate and infrastructure intersection.
- The sector still remains largely fissured, with major brands and chains Los Angeles still playing large roles in the industry despite past abuses and stolen wages.<sup>188</sup> Large, unethical brands may continue to uphold hazardous and abusive workforce conditions or outsource labor overseas, while smaller brands struggle to compete with cheap, and abusive labor practices.<sup>189</sup>

incentivize a core group of brands and manufacturers already in compliance with labor practices. Additional benefits include the incorporation of tax rebates, creation of a single port of entry, reduction in other local fees. This centralization of trade and standard fosters and connects to a global supply chain with global implications, and will be strategically lifted across various media platforms to boost the significance of the "Made in LA" standard and consumers and fashion influencers.

incentivize a core group of brands and manufacturers already in compliance with these practices. Additional benefits could see incorporation of tax rebates, credits, and reduction in other local fees. This certification standard fosters and connects to a local identity with global implications, and can organization.<sup>185</sup> Openings provided by SB 62 that address current working conditions could be expanded by centering on workforce development programs and partnerships that incentivize businesses while creating a greater ladder of economic mobility for workers, legitimized through workforce certification.<sup>186</sup>

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market is saturated with various standards that make it difficult to keep brands accountable across the production line and the cycle of a product.<sup>187</sup> The city, county, agency, and/or local political administration may not have the desire to become involved in a role that could be considered regulatory, and may be averse to linking sustainability with labor policies, as seen in larger debates around the Build Back Better bill's climate and infrastructure intersection.

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## Recomm

WC, in conjunction with city and county agencies, can create a certification process that links ethical and sustainable

manufacturing practices, with livable wages and sustainable production processes. A certification embedded within the local economy, with a title such as "Made in LA," can be a comprehensive tool to tell consumers and external markets that the product they are receiving meets both labor and sustainability criteria of a high value product in line with the region's values.

- In the past, the Fashion District was home to several sewing schools that trained workers for jobs in nearby factories, building a strong economic and cultural identity to the area.<sup>190</sup> Brands and manufacturers can be incentivized to meet the certification standard through programs within the GWC and partner agencies that help train garment workers and provide new skills and capacities for the growing technologies and practices used to meet sustainable, high quality fashion needs. Fees accrued from the certification processes for private firms can in turn fund these training programs as well as a collective fund for garment workers in the GWC. Partners in the program can similarly receive tax rebates and other financial incentives through the employment and retention of trained garment workers in addition to benefits earned from sustainable production practices.

## Case study: The Electric Vehicle Infrastructure Training Program (EVITP)

Electrical workers offer an example of robust eco-transformative certification and training that has served as an industry standard. Approaches applied in the sector and adopted by organizations like IBEW Local 11 serve as potential certification frameworks for garment workers.

The Electric Vehicle Infrastructure Training Program (EVITP) is one such approach. The EVITP program is an educational certification program designed to provide electric vehicle infrastructure installers with classroom and hands-on training opportunities.<sup>191</sup> Its standardization across the industry, and the recognition of the specialized skills gained from the program, creates greater bargaining power for workers seeking to improve wages and workplace conditions. The program is now implemented across the industry and is incorporated into IBEW Local 11's Net Zero Plus (NZP) Electrical Training Program. Importantly, apprentices in the NZP program incur no student debt and studies are paid for by contributions from employers and union members. Successful completion of the certificate brings registered members into a state-wide directory for project management firms to source from for large scale projects.<sup>192</sup> The requirement of the certification for public projects is unique to California, and connects certified electrical workers to prevailing wage contracts and improved benefits.

## **Strategic Opportunity 2. Expanded State and Local Environmental Policies & Programs**

The movement towards Eco-Transformative Economies for Solidarity for garment workers has, in part, already begun due to state and local level policy and program efforts to reduce landfill waste. In 2011, the State of California passed AB 341, also known as California's Mandatory Recycling Law, which mandates a minimum of 50% diversion from the landfill for all business types, and imposes the use of recycling services.

Through the bill, local governments are required to provide the infrastructure and commercial recycling programs to meet waste diversion needs as well as educate, outreach, and monitor businesses. The City of Los Angeles has chosen to comply with AB 341 through the provision of a franchised program wherein blue bin recycling is offered for free, and organic waste producers are also provided opportunities to also divert organic materials from the landfill.<sup>193</sup> The City has also adopted a goal in the LA Sustainability pLAn that explicitly calls out a goal of 100% landfill diversion by 2050.<sup>194</sup>

For the garment manufacturing industry, the implementation of AB 341 at the local level has resulted in the City of Los Angeles Department of Sanitation (LASAN) pilot program called the Material Bank, which provides a marketplace for the exchange and circulation of materials considered textile waste byproducts.<sup>195196</sup> As part of the Material Bank, LASAN's role will be to ensure quality standards and storage of

textile waste, while also facilitating connections between the users producing the textile waste and surplus material and those seeking alternative products and material.<sup>197198</sup> Through AB 341 and the resulting LASAN Material Bank, innovative opportunities and diversified roles for cross-trained workers could be established. Other environmental policies - particularly those

concerned with issues on resource extraction and pollution such as waste, wastewater, and water consumption - can similarly empower garment workers to build a narrative that aligns their roles to green initiatives, and thereby generate broader support, funding, and other resources from local and state public agencies.

### Strengths:

- Growing investments at a city level focused on eliminating apparel and textile waste that can open up broad opportunities to shape partnerships between public agencies and garment workers.
- A Material Bank and other related projects and policies focused on reducing waste lend opportunities for high road training partnerships that leverage sustainability goals for greater workforce conditions. LASAN's historic relationship with private firms across Los Angeles places it as a potential partner for the implementation of wider scale Eco-Transformative strategies.
- In interviews with industry leaders, manufacturers frequently cited the need for cross-trained workers able to work across elements of design and operational fashion technology.<sup>199200201</sup> Growing high road
- Notably, a key opportunity developed as a result of environmental policy is the advancement of business innovation and technology. Many businesses that incorporate circularity and/or the recycling of textiles have launched in Los Angeles over the last few years.<sup>202</sup> The Los Angeles CleanTech Incubator (LACI), a startup incubator in Los Angeles dedicated to "creat[ing] an inclusive green economy" that is supported by the City and frequently referenced in the LA Green New Deal, is one institution that has invested in and supported the development of these firms. The dispersal of public funds and the production of public and private partnerships are a key lever in shaping public discourse to maintain an Eco-Transformative vision for garment workers at the decision-making level of local government.
- Pre-existing ecosystems of trade programs and schools like LATTC's Fashion Technology certificate, Stitches Design for Success Academy, and Otis College of Fashion and Design, foster a network of common programs and can align training programs with local brands, manufacturers, and tech firms from intergenerational cohorts of highly skilled garment and apparel workers.
- The entrepreneurial environment for sustainable, high quality manufacturers produces a high demand for highly skilled garment workers among local manufacturers

partnerships between garment workers and technology can enable the Los Angeles apparel industry to shift its local character and develop LA as a high quality marketplace able to meet shifts supply needs.

interviewed. Multiple interviewees had been in the business for several years and emphasized the importance of intergenerational exchange and knowledge building in the industry as well as a workforce that often sought to develop new skills.<sup>203204205</sup>

#### Challenges:

- The relationship between workers is not explicitly drawn on or centered in the creation of these policies. The LA Green New Deal lacks language on how pre-existing industries like the apparel industry will undergo a transition in their production models to meet the plan's goal of 100% landfill diversion by 2050.<sup>206</sup>
- In interviews with labor advocates and researchers, workers were largely left out of conversations around sustainability even though they were often framed as the main beneficiaries through the creation of 'green jobs.'<sup>207208</sup>
- Projects like the LASAN Material Bank are still in development, and their primary incentives are in the form of reduced fees for businesses who utilize black bins and franchised city services. They are not currently marketed as strategies that can improve brand identity or provide worker training.<sup>209</sup>
- Because the scope of some of these initiatives are still in utero there is a large degree of ambiguity as to how workers will be trained and incorporated into sustainability efforts, and a lack of assurance that the burden of sustainable practices will not be transferred as additional burdens for workers who will have
- to take on sorting and organizing materials by city standards and in compliance with the guidelines for quality assurance standards set forth by LASAN.

- GWC should coordinate with LASAN to establish the Material Bank pilot program among manufacturer leaders and GWC partners that prioritize environmentally- and socially-just production. This would thereby establish a worker-led narrative that aligns waste reduction and other sustainable garment production opportunities to improved working conditions and improved access to training.
- Hard infrastructure, like the redevelopment of aging or vacant buildings, can be used to host wider workshop and educational uses, with potential partnerships with LATTC, LACI and other schools and incubator hubs as a worker center and extension campus for garment workers and apparel manufacturing start-ups. Soft infrastructure, like a directory and networking space can also play a key role in shaping workforce development programs between public and private actors.
- GWC may also want to consider leveraging the political capital and pre-existing relationships with sustainable, and ethical business it already has in order to garner support for policies that would lead to industry and workforce transitions typically described by the transition to a green economy. For example, the imposition of Governor Newsom's executive order to ban the sales of fuel-powered vehicles by 2035 created significant opportunity for IBEW Local 11 and caused a great deal of public and private investment and resource allocation for electrical workers. By applying policies that would similarly impose infrastructural shifts for the garment manufacturing industry, policymakers can ensure workforce development that expands the workforce and simultaneously champions the workers as the people at the frontline of a new garment industry revolution.
- The short life span of LA garment factories and highly policed nature of the industry make it difficult to build trust and partnerships for long term, co-beneficial workforce partnerships.

#### Recommendations:

side policies that transition the current workforce and position Los Angeles as an apparel hub for high quality, high production goods.

• The demand for a central hub of exchange and networking was cited as a key issue for manufacturers interviewed. One manufacturer reported being featured in directories from other cities but not having a central space for apparel in Los Angeles.<sup>214</sup> Networks of schools and public-private partnerships can host directory pages, similar to LACI's start-up search directory, that feature partnerships with ethical brands, manufacturers and start-ups (see Made in LA Strategic Opportunity 1).

The Janitors High Road training program is an initiative of the California Workforce Development Board (CWDB) and the Building Skills Partnership (BSP) focused on connecting property services workers and janitorial staff reach decarbonization goals through green skills training and partnerships between firms and workers. The High Road Trainings partnership included the Green Jobs, Good Jobs program, that links better paying jobs and benefits for janitorial workers through a workforce development program with the Los Angeles Chapter of the US Green Building Councils (USGBC-LA) that certifies workers in practices on energy conservation, water efficiency, and waste reduction. The Green Job Education Program (GJEP) certification has been directly incorporated into the LA Green New Deal and has become an industry standard for firms seeking to meet the state's Clean Energy and Pollution Reduction Act of 2015, or SB 350, with 76% of GJEP buildings seeing a decrease in energy and water use. In addition, the HRTP incorporated immigrant integration needs and has included co-benefits for janitorial workers including English language programs and citizenship opportunities by establishing the program's values centered on "...immigrant workers as valuable contributors to the environmental sustainability movement."<sup>215</sup>

#### Case Study: Stitches Technology - Designing for Success Academy

The Stitches Technology- Designing for Success Academy, located in Hollywood, offers a model that incorporates a training-to-workforce pipeline for garment workers seeking livable working conditions and competitive skills in the industry. The program features a workforce advisory service that connects displaced workers with employers seeking highly skilled labor and after an assessment of the firm and worker, up-trains the worker through an individualized curriculum to meet the particular client's long-term needs. Workers in this program have had an average of ten years kept on the job as cutters, sewers, and sample-makers.<sup>16</sup> The guide. Stitches Technology also pairs students with social enterprise initiatives that provide a wide range of services and workforce training for garment workers in Los Angeles. Another social enterprise of the school is the Academy's Cloz Klozet retail training center where garment workers build customer service and entrepreneurial skills through a storefront focused on high end, resale fashion.

## Strategic Opportunity 3. Community-Based Solutions to Evolving Land Use Policies

The history of the Fashion District in Los Angeles has always intertwined with the development and growth of Downtown and the surrounding communities of immigrant workers and entrepreneurs. Recent land use changes in Downtown, though, have seen large swathes of these communities and populations displaced.<sup>217</sup> In Downtown, almost 97% of the current rental units under construction are classified as luxury units, with rent averages of \$2,800 per month.<sup>218</sup>

Changes proposed by the new DTLA 2040 plan would see a greater emphasis on mix-use urban design and zoning, meaning a greater presence of residential and commercial within the Fashion District to create a Hybrid Industrial urban form.<sup>219</sup> The plan aims to concentrate 20% of household growth in the downtown area, and while the plan includes some language around affordability and transit-oriented development for the Fashion District, the zoning proposals made for the Fashion District emphasize the creation of a creative economy that encourages livability and workplace proximity for a wealthier class.<sup>220</sup> Notably, the Arts District in Los Angeles is directly referenced for the Fashion District as a model, which has undergone longer term trends in Downtown Los Angeles that have contributed to ongoing displacement of workers and have incentivized the conversion of manufacturing warehouses to trendy housing and centers for entertainment.<sup>221</sup> This urban development and the

resulting shifts in demographics such as income often upend working class communities.

The change in rents across Los Angeles, and the multi-nodal characteristics of the apparel industry create new questions and visions for the future of the Fashion District.<sup>222</sup> When asked if garment workers were consulted during the development of the DTLA 2040 plan, policymakers described their outreach approach to instead prioritize direct contact with building owners, building management networks, Neighborhood Associations, and Business Improvement Districts.<sup>223</sup> This moment serves as an opportunity for garment workers and other community stakeholders to envision and develop land use solutions that will support the livelihoods of garment workers across Los Angeles. Centering on an Eco-Transformative process for land use change creates pathways for just transitions for garment workers within the Fashion District and through the geographic network that surround it.

### Strengths:

- Increasing rent burdens on local manufacturers creates a need for community partnerships and coalitions that can address wider changes to the local urban fabric and preservation of the Fashion District. The area is identified in the planning documents as an emerging/strengthening submarket with long term potential for growth and public benefits.<sup>224</sup>
- The DTLA 2040 plan is still in draft form. Therefore, there is opportunity to provide public comment and identify the potential

impact the DTLA 2040 plan could have on garment manufacturing. There is also some opportunity to provide public comment and have the voices of garment workers incorporated into the plan. According to policymakers, the plan is open to comment and changes throughout the review process with the City's Planning Commission.<sup>225</sup>

- Many of the goals proposed by the DTLA 2040 plan are centered on the integration of a transit-oriented development (TOD) district in Downtown. TODs are land use ordinances that incentivize compact, mixed-use development to improve access to high capacity rapid transit. In California, funding for TODs are often aimed at reducing GHG emissions and are structured to support denser development, while also supporting the development of affordable housing. While there are many documented instances of TOD projects perpetuating the displacement of local businesses and residents, communities have mobilized to leverage the terms of TODs to include a wider scope of community benefits and anti-displacement policies (see "Case Study: LatinX Barrios Leveraging TODs Against Displacement").<sup>226</sup>
- TODs in working class neighborhoods and around transit mobility hubs are known perpetrators of residential and commercial gentrification in Los Angeles.<sup>231</sup> Policymakers confirmed that the DTLA 2040 plan incentivizes affordable housing, but that the increase of housing proposed by the plan will be driven by market-rate projects.<sup>232</sup>
- Interviews with industry stakeholders highlighted that local manufacturers and organizations in the Fashion District are unaware of land use proposals like DTLA 2040 and have not yet considered the implications of these developments on garment workers. These groups also had limited interactions with the City's planning department.<sup>233234235</sup>
- The DTLA 2040 Plan provides an opportunity

from 2001- 2016 with a nearly 707% change in home value.<sup>227</sup> In 2019, a 26,000 square foot commercial property in the fashion district was sold for \$10.25 million to a mixed-use developer that cited the incentives of TODs and compatibility with the DTLA 2040 plan density benefits as motivations for purchasing the lot.<sup>228</sup> Development like this will help expel manufacturing and pre-existing uses from the area, and what will happen to garment workers after the industry is decentralized is unclear. Commute times are a growing issue that some of our stakeholders identified as a problem before, and especially during Covid-19, as garment workers frequently live in large family households that have shared or otherwise limited mobility options.<sup>229230</sup>

- Community benefit programs and other incentives within the DTLA 2040 plan can be leveraged to benefit pre-existing businesses and ensure benefits, either for businesses that choose to stay, or support to relocate the Fashion District to other areas of the city. Additional funds gained through these programs can be earmarked to train workers or used to pair investments in land use with worker and multifamily affordable housing.
- There are regional models the City of Los Angeles can consider to better incentivize the continued growth of a Fashion District led by garment manufacturing. Interviews with industry and labor advocates cited the benefits of moving to other areas in Los Angeles, with one industry stakeholder citing the tax breaks and subsidies of nearby cities like Vernon and Huntington.<sup>236</sup> The new DTLA 2040 Plan similarly has the potential

for the Garment Workers Center to ally with local manufacturers and brands in order to prevent the displacement of commercial and residential areas of the Fashion District. This can be done by building coalition networks that link (1) rent control, (2) incentives for ethical/sustainable manufacturers, and (3) additional tax rebates and benefits for pre-existing manufacturers, to improved working conditions and the preservation of the Fashion District's history and legacy. Long term strategies for garment workers can be to regularly implement public comment and activate social media campaigns to ensure workers, allied businesses, and nearby residents are not displaced by mixed use developments.

of determining the growth and change in the localization of the Fashion District's geographic boundaries.

## Case Study: The Korean-American Apparel Manufacturers' Association

The Korean-American Apparel Manufacturers' Association (KAMA) was originally established in the 1980s as an immigrant network of small Korean apparel manufacturers focused on addressing the abuses and burdens faced by Korean subcontractors working in what was the largely Iranian Jewish-owned Fashion District. Over the years, KAMA organized protests against abusive landlords, negotiated disputes between larger manufacturers and LatinX employees, and provided a resource and knowledge-sharing space for Korean contractors to navigate and lobby government agencies. By establishing economic solidarity among Korean manufacturers, KAMA also established pathways toward regional property ownership and development. The unique coalition that KAMA established widely impacts the industry today, with Korean-owned firms representing nearly one-third of the Los Angeles Fashion District.<sup>237</sup> through a storefront focused on high end, resale fashion.

## Case Study: LatinX Barrios Leveraging TODs Against Displacement

Various LatinX neighborhoods have organized culturally embedded campaigns that leveraged anti-displacement practices and community agreements in TODs within Fruitvale (Oakland), Boyle Heights, (Los Angeles), and Barrio Logan (San Diego).<sup>238</sup> Boyle Heights in particular organized a successful coalition of local business, residents and activists to push back against the ongoing displacement impacts of transit projects in the area, like a Metro Gold line extension project that displaced 100 businesses from the area, and the expansion of freeways that had caused a displacement of one-tenth the local population.<sup>239</sup> Through the Committee Alliance for Boyle Heights, including East LA Community Development (known today as ELACC) and Union de Vecinos, community members were able to secure affordable housing and community benefits for areas around proposed TOD's. Included in these successes was a widely publicized campaign against the development of a metro site in Mariachi Plaza. In the end LA's Metro agency incorporated the local community's demands and ensured the preservation of local Mariachis, street vendors, and neighborhood stores while also providing investments and benefits for the local community.<sup>240</sup>

# Eco-Transformative Economies for Solidarity Framework

Eco-Transformative Economies for Solidarity represent the necessity of a racially just and equitable path towards carbon neutrality with workers across sectors at the forefront of this process. Any proposal that ignores the interconnectivity of these issues creates a path towards "green" futures that only focuses on the production of particular materials without centering workers. Importantly, this framework

acknowledges that just transitions may be implemented differently across sectors and geographies, and imagines economies that are led by united, worker-led solutions.

By investigating Eco-Transformative Economies for Solidarity through the lens of electrical and garment workers, and in specific, the International Brotherhood of Electrical Workers Local 11 (IBEW Local 11) and the Garment Worker Center (GWC), the impacts of recent sustainability policies can be clarified. Electrical workers, who have been closely aligned and involved with environmental policies and politics, have established pathways for a just transition -- though this 'just' approach should be expanded to include Black, Indigenous and People Of Color workers and those at risk of displacement. On the other hand, garment workers are largely left out of the sustainability narrative, as priorities have negated improving social standards within the industry and have instead concentrated on the environmental impact of production and materials sourcing. Therein lies opportunities for

garment workers to mobilize for fair working conditions, more training, and additional investment; by leveraging the sustainability focus of recent policies and aligning their narrative to this movement, garment workers are able to systematize Eco-Transformative Economies for Solidarity.

The scale of labor policy can have immense impacts for workers targeting their campaigns at a local and statewide level. State policies like the high road training partnerships offer opportunities to build robust coalition partnerships between industries and workers to meet supply side needs in the workforce, though they aim to target sector wide partnerships with union-back workforces. Likewise, local policies at the city level have produced incentives for business and private sector partnerships to invest in green tech and practices, but these incentives lack accountability in their implementation.

With the growing prevalence of sustainable technologies and industry-wide decarbonization, there is an increasing burden workers face to adapt to private sector changes. The Port of LA and Long Beach's Clean Truck Program in 2008 institutionalized a phased ban of older trucks, but the burden of these changes were placed on drivers to pay. Deduction from workers paychecks and the increasing costs companies put on drivers created a system described as indentured servitude.<sup>241</sup> Across labor policies in

different sectors there is a need to consider the role of workers in implementing policies that are aimed at material changes in the industry. A lack of consideration for the worker's specific context in the industry, will only serve either as a tool for green-washing by private companies or as a means of minimizing costs and further oppressing workers.

Similarly, as firms start facing increasing environmental regulations no longer a benefit can be achieved if the workforce of a sector isn't able to feel safe and secure in their place of employment. Employment audits have placed workers in jeopardy and led to the firing of several undocumented workers. American Apparel, one of the few brands at the time assuring minimum wage across its factories, was forced to fire 1,800 immigrant employees after an employment audit found several workers to be undocumented.<sup>242</sup> Policies like these create a negative linkage that discourages good practices and creates a culture of fear that prevents workers from reporting hazardous conditions and workplace violations, while ethnic firms are discouraged from participating in eco-transformative partnerships for fear of immigration audits.<sup>243</sup>

A key component that was highlighted throughout our research is the question of how the just transition towards a carbon neutral economy will be achieved. First, observation encompasses the

fear of job loss. What should not happen is the erasure of good high paying jobs being replaced by low wage jobs, intervention will need to be intentional through strong policy. Research shows that training programs, particularly technology-specific training, alone will not help workers, the transition will require both supply-side and demand-side approaches. Secondly, high quality jobs are important in a successful transition for sustainable futures, this entails family-supporting wages, strong benefits, worker inputs, and career advancement opportunities. Workers from disadvantaged communities will need deliberate career pathways for the transition to a carbon-neutral economy.

In conclusion, our research found that in order to have a comprehensive just transition towards a carbon neutral economy is to center worker input and decision-making throughout the process. Current policies are considering labor more than what was considered in the past. Most policymakers acknowledge that labor has historically been vaguely left out of the conversation pushed aside when advocating for better environmental regulations. Today, through massive advocacy by electrical labor unions and organizers, labor has been woven into environmental policy for the most part. The shift has led to what is to come in future policy for other labor groups-- a more holistic review of incorporating improving labor standards without compromising environmental goals. We hope our research succinctly synthesizes the importance of moving away towards vague terminology and gears towards the future of successfully achieving Eco-Transformative Economies for Solidarity.

## Conclusion

The Covid-19 pandemic upended life in Los Angeles County. Workers and communities struggled as unemployment skyrocketed, schools went online, and millions fell ill. Government investment increased substantially, but unsustainable industries with abusive labor practices reaped bailouts. Corporations doubled down on exploitation and theft of public resources. Thousands of Angelenos succumbed to the disease, millions more suffered, and the country ground to a halt but for the billionaires whose collective wealth rose by trillions.

This unprecedented moment also ignited calls for a new social contract. Millions of Americans flooded the streets in response to the murders of George Floyd and Breonna Taylor. Calls to defund police stimulated scrutiny of government budgets and public expenses. Workers and communities insisted on an end to regressive and harmful spending and demanded fully funded public services. Social movements brought radical, abolitionist, life-affirming visions into public consciousness.

As the region recovers from the pandemic, workers, community organizations, and government agencies can build a better Los Angeles. A just recovery means the end of corporate profiteering and a rebalancing of power between workers and their employers. It means ending regressive public spending that diverts critical funds away from communities. It means building an equitable and racially just eco-transformative economy that enables workers and their communities to thrive. That's what we need. Solidarity and collective action are how we get it.

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# GLOSSARY

**Break rate:** Meeting/exceeding the established pace of work.

**Crush truck:** Slang at Amazon fulfillment centers, means to pack a delivery truck quickly and at a faster pace than established by managers.

**Essential workers:** As classified during the Covid-19 pandemic, workers who provide operations and services across industries that are deemed critical to ensure the continuation of critical socioeconomic functions in the United States.

**Leverage:** An investment strategy of using borrowed money to increase the potential return of an investment.

**Gig economy:** The gig economy is based on flexible, temporary, or freelance jobs, often involving connecting with clients or customers through an online platform. It can benefit workers, businesses, and consumers by making work more adaptable to the needs of the moment and demand for flexible lifestyles. At the same time, the gig economy can have downsides due to the erosion of traditional economic relationships between workers, businesses, and clients.

**Industry clustering:** When multiple firms in the same industry cluster in the same geographic area to share labor forces, transportation systems, other infrastructure.

**Inland Empire:** Riverside and San Bernardino Counties.

**Micro-fulfillment centers:** Heavily utilized by Amazon, Micro-fulfillment centers are small warehouses that are compact enough to place almost anywhere, and they are designed to fulfill online orders fast and efficiently, close to where customers live.

**Net income:** Net income (NI) is calculated as revenues minus expenses, interest, and taxes. It is the amount showing the actual income earned from net sales and other operations of the company.

**Net sales:** Net sales is the result of total sales or revenue minus returns, allowances, and discounts.

**Private Equity:** An alternative form of private financing in which investment funds buy and restructure companies that are not publicly traded on a stock exchange

**Rate:** Pace of work.

**Revenue:** Often referred to as sales, is the income received from normal business operations and other business activities.

**Shifting baselines (also known as sliding baseline):** Is a type of change to how a system is measured, usually against previous reference points (baselines), which themselves may represent significant changes from an even earlier state of the system.

**Time Off Task (TOT):** If a worker pauses or breaks from performing certain tasks, such as scanning, that break time is tracked. After a certain amount of time, usually 6 minutes, that time is logged as "Time Off Task" (TOT). Workers may receive a notification, receive disciplinary action, or be fired for accumulating too much TOT.

**Units per hour (UPH):** A metric used to measure worker productivity within Amazon warehouses and grocery stores for pickers, packers, and baggers. For example, UPH sets the standard quota for packers to unpack and repack a certain number of products per hour.

**Vertical integration:** A strategy whereby a company owns or controls its suppliers, distributors, or retail locations to control its value or supply chain.

**Zone lead:** Supervisors on the floor at amazon fresh.

# APPENDIX A.

## Interview methodology for research regarding Amazon

### INTERVIEW GUIDE FOR ALL LEVELS/INDUSTRIES OF EMPLOYEES

1. How has the relationship with mgmt changed?
2. Any new practices?
3. Health council? Hazard pay? Vaccine priority?
  - a. Has policy been applied/implemented
  - b. What are you being told will happen?
4. Are there new stressors? (fear of closing)
  - a. Hazard pay
  - b. Act of God
  - c. Hours cut?
5. How do you think they are aiming to maximize profits?
6. What do you know about other workers in this industry that don't work at this company?
7. What is the role of a union in your workplace?
  - a. Any changes?
  - b. Union presence
8. What role does automation have in the workplace? Do you anticipate this will change?

### INTERVIEW GUIDE FOR WORKERS

1. Can you share your experience working at Amazon?
  - a. What are the production standards?
  - b. How were they enforced for you in your role?
2. What were the work rates they held you to? Did they change when the pandemic hit?
3. What was your manager's usual response to an employee's work-related injury?
  - a. Does that align with the protocol in place?
4. The report by HIP and WWRC mentioned that workers seldom have the chance to speak with their manager about taking breaks or disciplinary actions against them. Why is this? How do managers make contact with workers, and/or does the layout of the warehouse create that kind of dynamic?
5. What is the disciplinary protocol?
  - a. What is typically the appeal process for disciplinary action?
  - b. Do workers try to do this?

6. What do you think makes the turnover rate so high?
  - a. Compared to the state and national averages (100% for warehouse workers after a fulfillment center opened)?
  - b. (anticipated response) strain and stressors of work
  - c. Are there other factors, particularly since the pandemic?
7. Were there any health concerns that developed while you worked at Amazon?
  - a. Did any existing conditions worsen?
  - b. How did the pandemic affect health concerns in the workplace?
8. What kind of adjustments did your employer/supervisor make when the pandemic hit?
  - a. Change in workload?
  - b. Change in environment?
9. Overall, how do you think Amazon treats their workers?
10. Why do you think Amazon gets away with abusing their workers, being such a large company that is often in the limelight?
11. What drew you to working with Amazon?
  - a. Why did you leave?
12. What is the inventory strategy at your workplace?
13. How are products organized across warehouse locations?

### INTERVIEW GUIDE FOR ORGANIZERS, UNION, OR RESEARCHERS

1. What makes the turnover rate so high compared to the state and national averages (100% for warehouse workers after a fulfillment center opened)? Is it just the strain and stressors of work or are there other factors, particularly since the pandemic?
2. Has there been pushback against CalOSHA for better enforcement? What has their response been?
3. What body do you think should ultimately handle work safety/health enforcement? Should it be CalOSHA or should we try to expand something similar to public health councils, or something else?
4. Would the current CA legislature be favorable to implementing the policy solutions in the WWRC/HIP report across all of Amazon's industry branches? What avenue do you think this would be more suitable to push this through (leg cycle or ballots) and what do you think needs to happen for us to get there?
5. Do we have any state-level precedents for regulating company practices and workplace standards?

### INTERVIEW GUIDE FOR DECISION MAKERS

1. Amazon touts its ability to bring jobs to the region but are work standards or turnover rates considered when allowing Amazon to move into an neighborhood or city?

# Spanish Speakers

## PREGUNTAS PARA TODOS EMPLEADOS

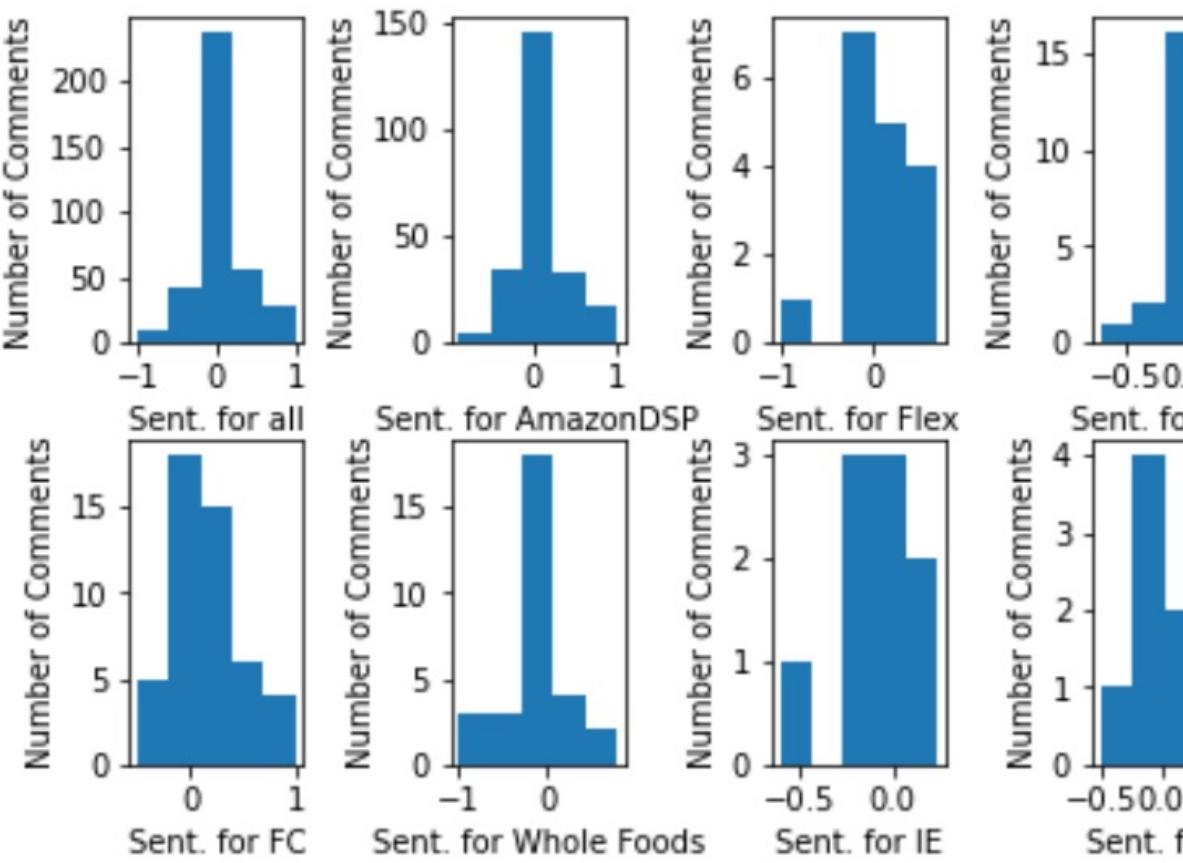
1. ¿Dónde trabaja y cuál es su papel allí?
2. ¿Puedes compartir su experiencia trabajando en esta tienda?
  - a. ¿Cuáles son los estándares de trabajo?
  - b. ¿Cómo se hacen cumplir los estándares?
  - c. ¿Por qué trabajas aquí?
  - d. ¿Cuánto tiempo ha trabajado aquí?
3. ¿Cómo ha sido el trabajo en el último año?
4. ¿Cómo le ayudó la unión?
5. En el último año ¿cómo ha cambiado la relación entre los empleados y el gerente o los directores?
6. ¿Han introducido alguna práctica nueva?
7. que tipo de medidas de seguridad han adoptado?
  - a. ¿Se ha aplicado / implementado la política?
  - b. ¿Qué le dicen que sucederá en el futuro?
8. En su trabajo, han creado un consejo de salud?
9. ¿Les han dado un pago peligroso? ¿Prioridad de vacuna?
10. ¿Hay nuevos factores estresantes? (por ejemplo, miedo al cierre)
  - a. Pago por peligrosidad
  - b. Acto de Dios
  - c. Horas recortadas?
11. ¿Cuáles estrategias usan para aumentar las ganancias?
12. ¿Qué sabe sobre otros trabajadores de esta industria que no trabajan en esta empresa?
13. ¿Cuál es el papel de la unión en su lugar de trabajo?
  - a. ¿Algún cambio?
  - b. tienen un tipo de presencia en el trabajo (anuncios, visitas, etc)
14. ¿Qué papel tiene la automatización en el lugar de trabajo?
  - a. ¿Anticipa que esto cambiará?
15. ¿Cuáles fueron las tasas de trabajo a las que le obligaron?
  - a. ¿Cambiaron cuando llegó la pandemia?
16. ¿Cuál es la respuesta habitual de su gerente cuando alguien se lesiona en el trabajo?
  - a. ¿Eso se alinea con el protocolo vigente?
17. ¿Cómo interactúan los gerentes con los trabajadores?

18. ¿Existe un protocolo disciplinario?
  - a. ¿Cómo responden los trabajadores?
  - b. ¿Los trabajadores intentan hacer esto?
19. ¿Cuánto tiempo trabaja la gente aquí?
  - a. ¿En comparación con los promedios estatales y nacionales (100% para los trabajadores del almacén después de la apertura de un centro logístico)?
20. ¿Cuáles son los factores estresantes del trabajo?
  - a. ¿Existen otros factores, especialmente desde la pandemia?
21. ¿Hubo algún problema de salud que surgió mientras trabajaba aquí?
  - a. ¿Empeoró alguna condición existente?
  - b. ¿Cómo afectó la pandemia los problemas de salud en el lugar de trabajo?
22. ¿Qué tipo de ajustes hizo su empleador / supervisor cuando ocurrió la pandemia?
  - a. ¿Cambio en la carga de trabajo?
  - b. ¿Cambio de entorno?
23. En general, ¿cómo crees que tu tienda trata a sus trabajadores?

# APPENDIX B.

## Sentiment Analysis of 7 Reddit posts

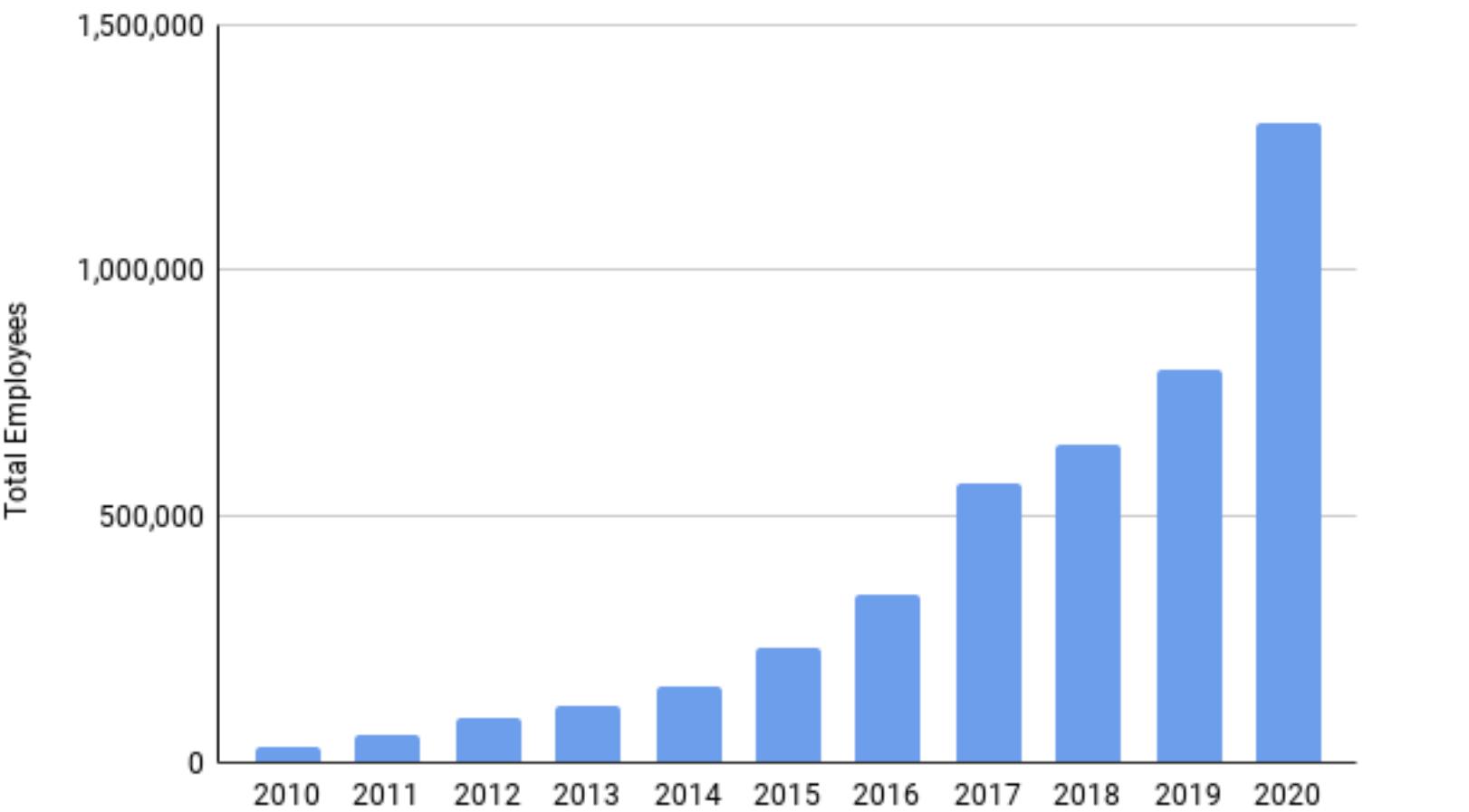
Dataframe	Subreddit	Post Title
Df1	r/AmazonDSPDrivers	We're going to walk out on Easter. Who's with me?!
Df2	r/AmazonFlexDrivers	The drivers finally banded together at my warehouse tonight and said we're not going to deliver these routes when they weren't ready until 1.25 hours late
Df3	r/FASCAmazon	Say it louder for the people in the back.
Df4	r/AmazonFC	Oh the hierarchy
Df5	r/AmazonWFShoppers	What else takes a lot of time?...
Df6	r/InlandEmpire	Revealed: Amazon told workers paid sick leave law doesn't cover warehouses
Df7	r/InlandEmpire	Amazon's warehouse boom linked to health hazards in America's most polluted region



Note: For X-axis, -1 = machine learning model picked up more negative sentiments from users who commented on this post, 0 = machine learning model picked up neutral sentiments from users who commented on this post, and 1 = machine learning model picked up more positive sentiments from users who commented on this post.

## APPENDIX C.

### Amazon's global employment, 2010-2020



Source: "Amazon: Number of Employees 2007-2020," Statista, February 1, 2021, <https://www.statista.com/statistics/234488/number-of-amazon-employees/>.

## APPENDIX D.

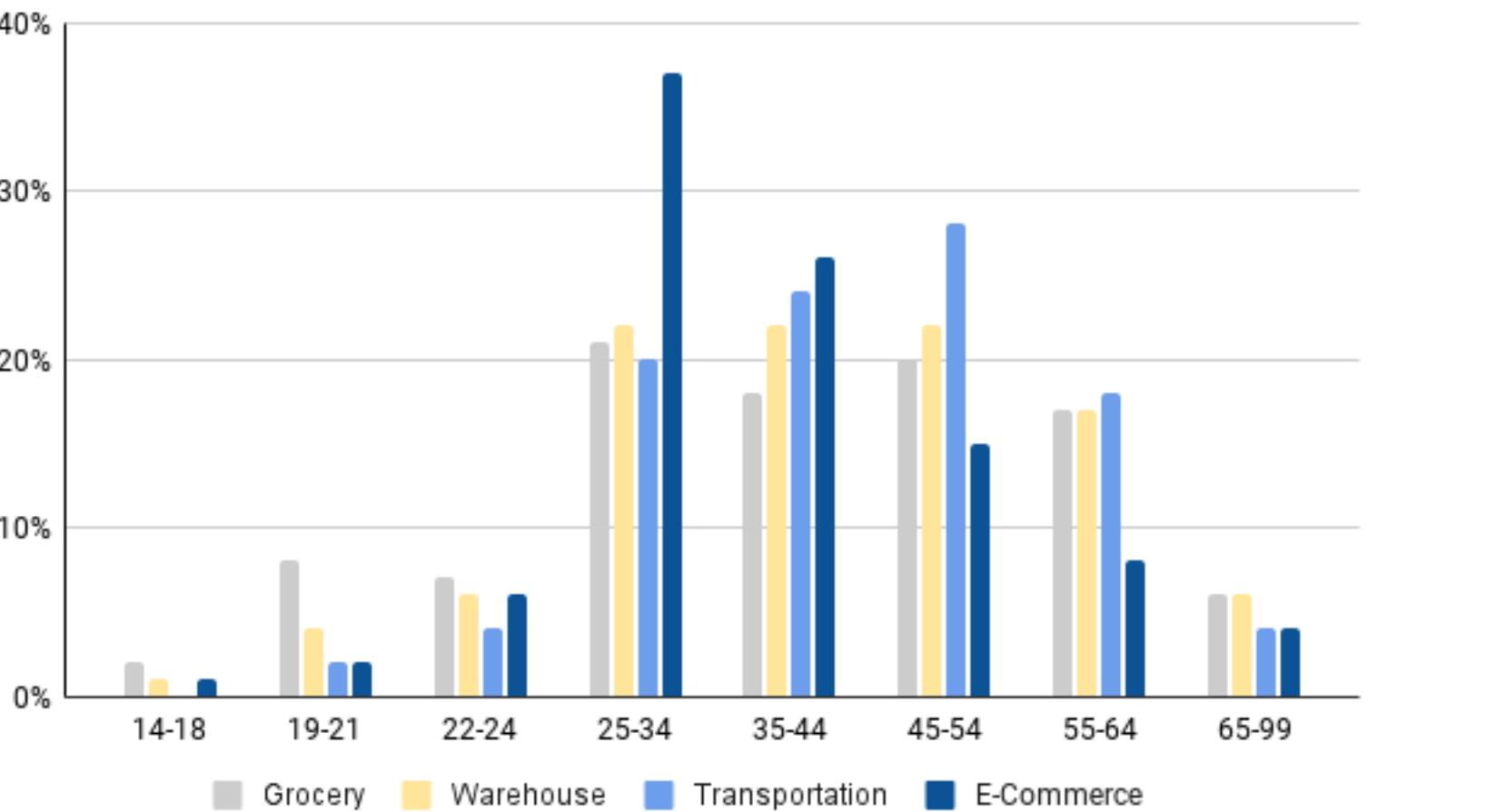
### Amazon's subsidiaries in the warehousing, transportation, and grocery retail sectors

Acquisitions	
Whole Foods	
Start-Ups	
Physical Stores	Amazon Go
Amazon Fresh	
Online Platforms	
Prime	
Prime Now	
Amazon Business	
New Concepts	
Treasure Truck	
Trucking and Warehouse Services	Amazon Fulfillment

Source: "List of Mergers and Acquisitions by Amazon," in Wikipedia, June 1, 2021, [https://en.wikipedia.org/w/index.php?title=List\\_of\\_mergers\\_and\\_acquisitions\\_by\\_Amazon&oldid=1026323092](https://en.wikipedia.org/w/index.php?title=List_of_mergers_and_acquisitions_by_Amazon&oldid=1026323092).

## APPENDIX E.

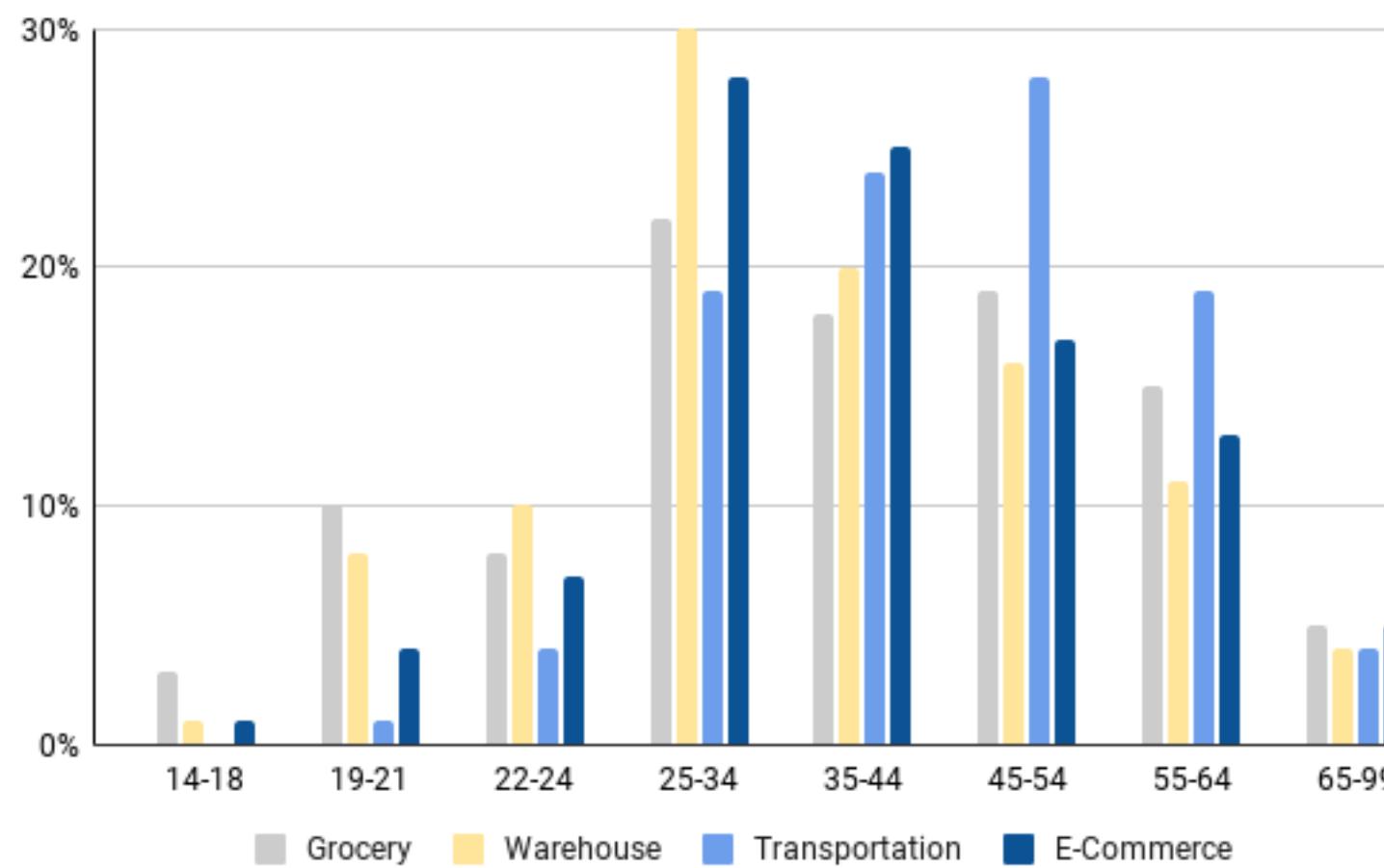
Age distribution of workers by sector, LA-Long Beach-Anaheim Metro Area Q2 (2020)



Source: "QWI Explorer." Accessed May 25, 2021. <https://qwiexplorer.ces.census.gov/static/explore.html#x=0&g=0>.

## APPENDIX F.

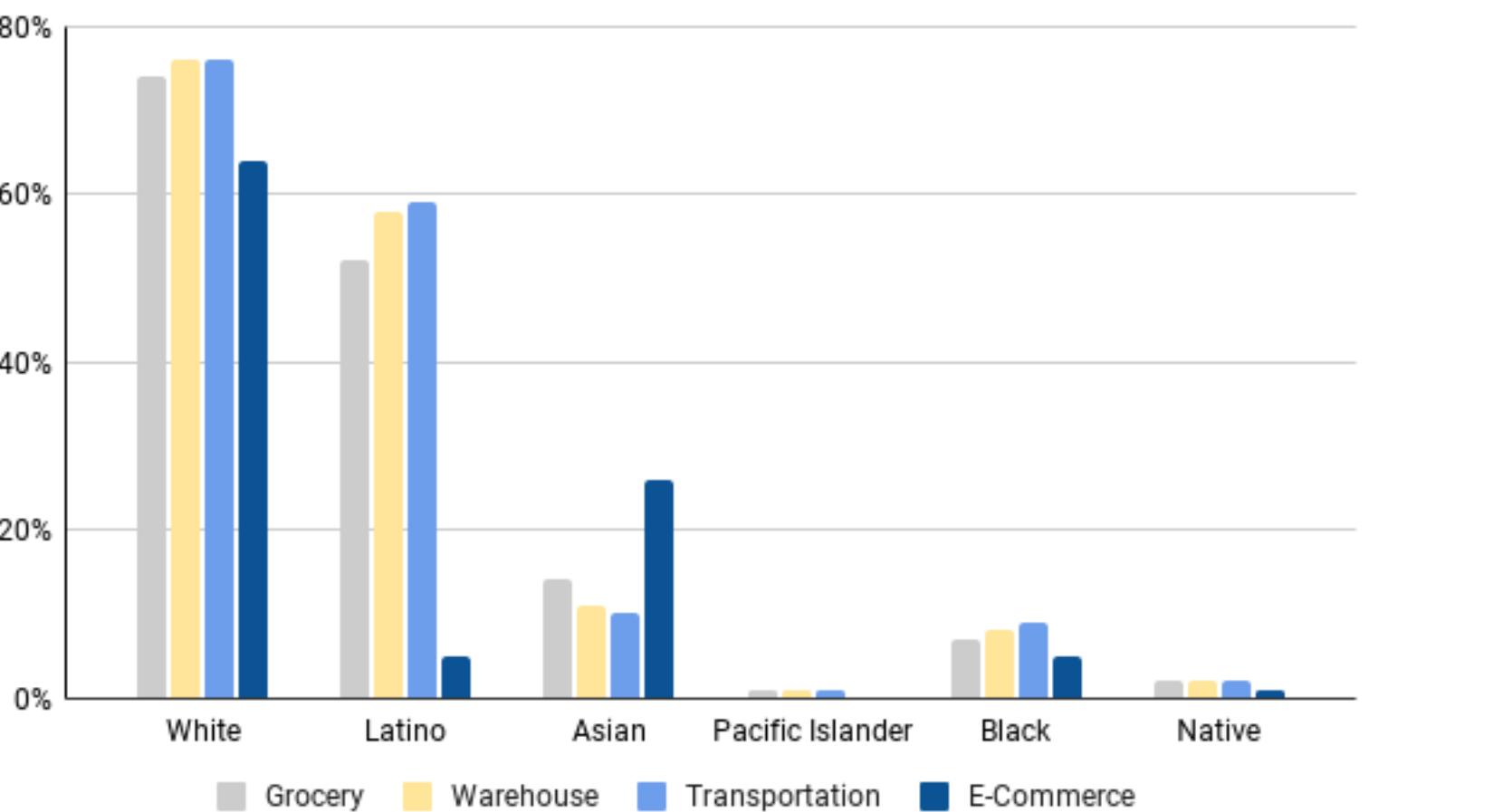
Age distribution of workers by sector, Riverside-San Bernardino-Ontario Metro Area Q2 (2020)



Source: "QWI Explorer."

## APPENDIX G.

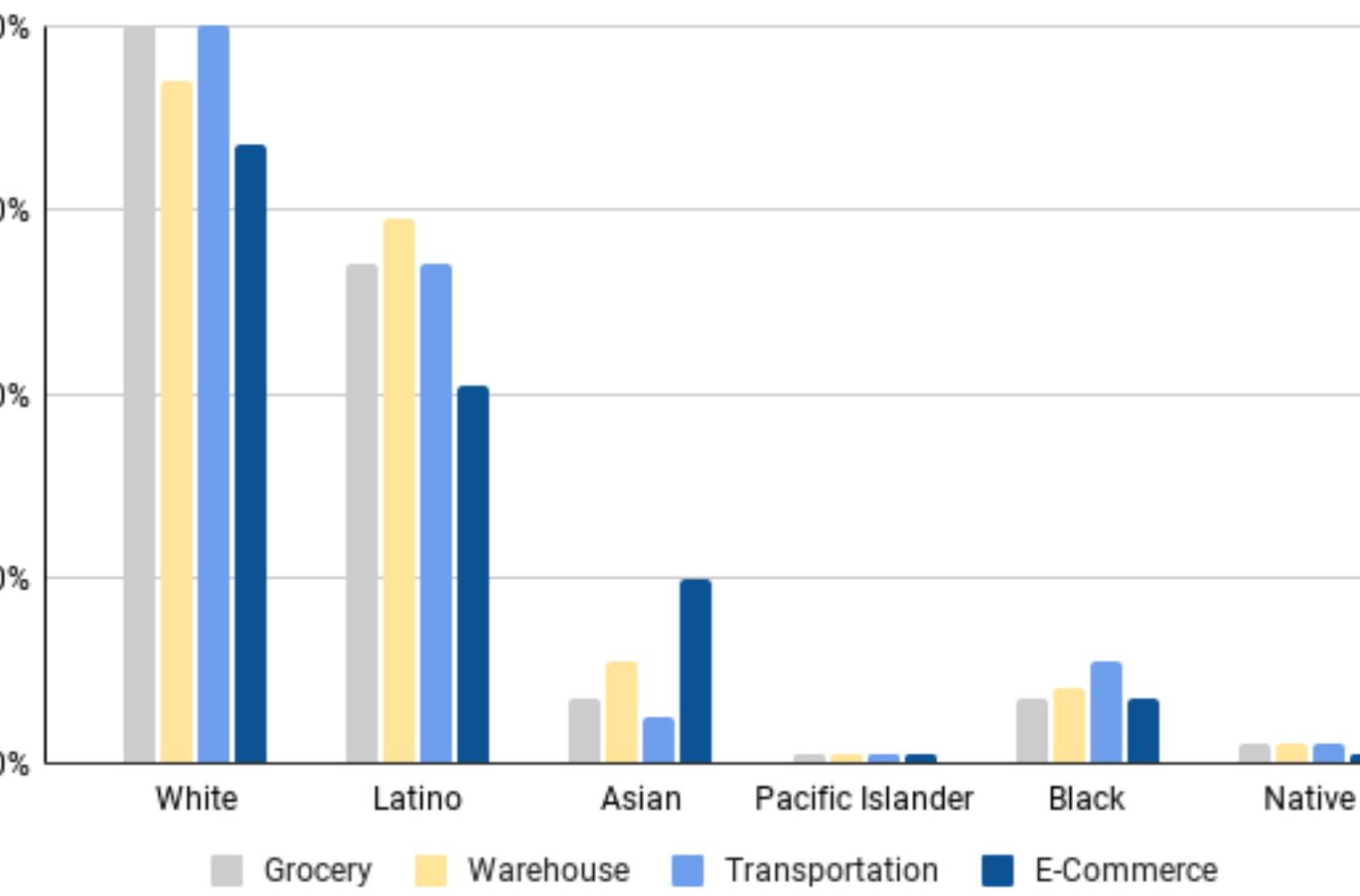
Race and ethnicity of workers by sector, LA-Long Beach-Anaheim Metro Area Q2 (2020)



Source: "QWI Explorer."

## APPENDIX H.

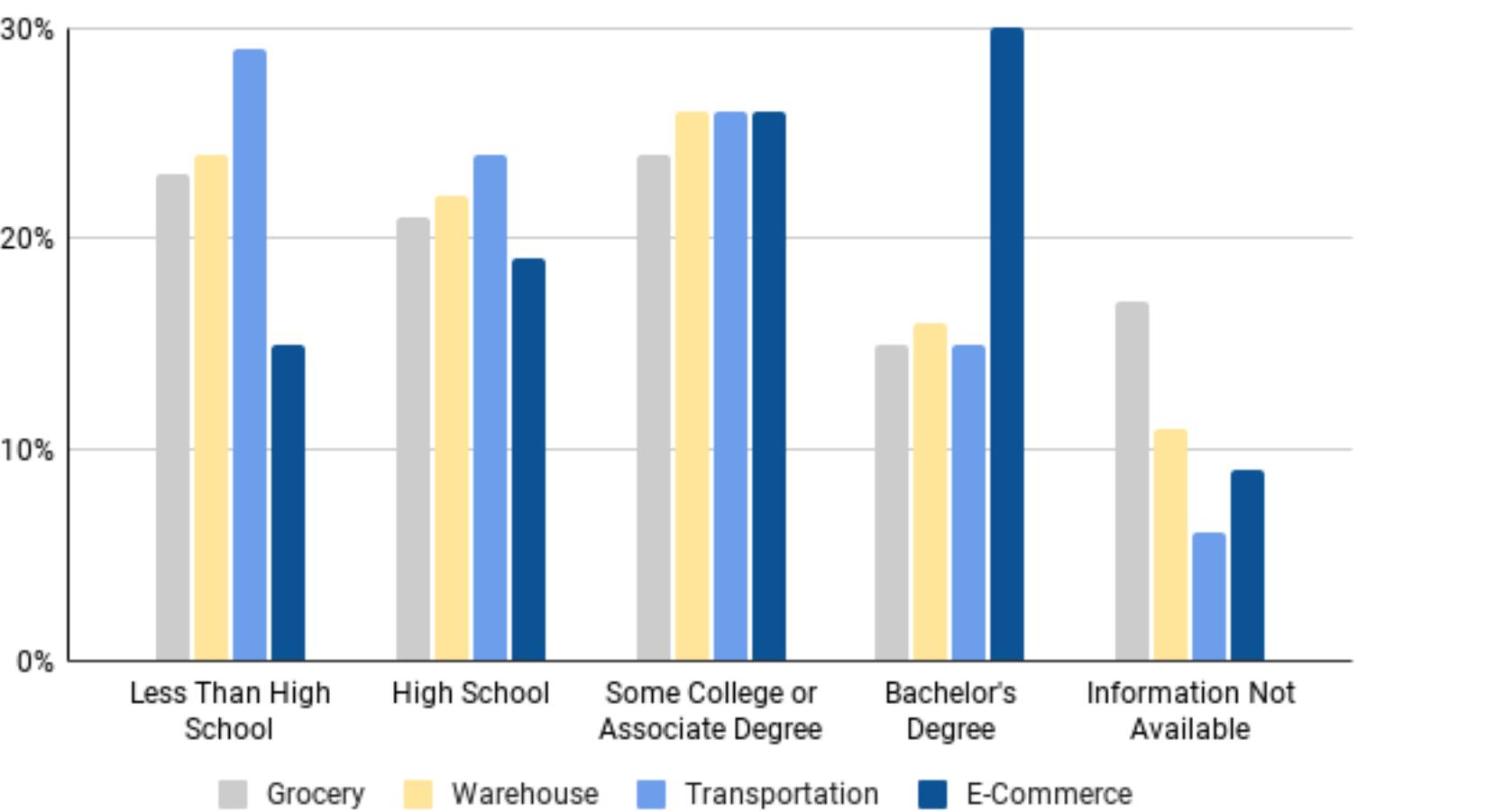
Race and ethnicity of workers by sector, Riverside-San Bernardino-Ontario Metro Area Q2 (2020)



Source: "QWI Explorer."

## APPENDIX I.

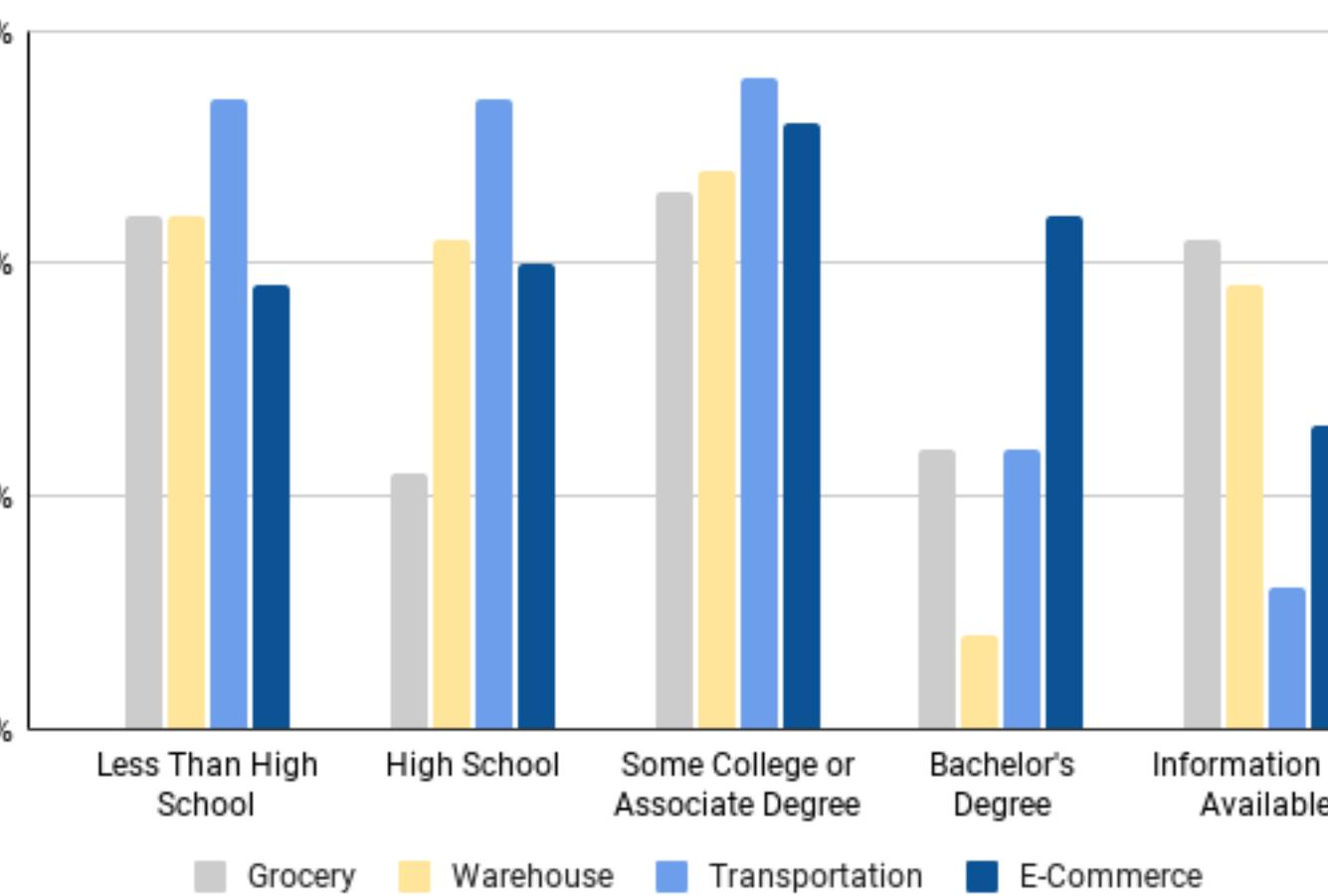
Educational attainment of workers by sector, LA-Long Beach-Anaheim Metro Area Q2 (2020)



Source: "QWI Explorer."

## APPENDIX J.

Educational attainment of workers by sector, Riverside-San Bernardino-Ontario Area Q2 2020



Source: "QWI Explorer."

# APPENDIX K-L.

## California Pension PE Fee Disclosure

Name	Report Date	Overall Fund Size (millions)	“Fair Value” of PE Investment (millions)	Management Fees (millions)	Fees/Fair Value
CalPERS	Jun 2020	\$440,000	\$23,390	\$432	1.85%
CALSTRS	Sep 2020	\$281,459	\$29,285	\$645.80	2.21%
UC Regents	Jun 2020	\$78,000	\$4,200	\$38.80	0.93%
<b>Top Three Subtotals</b>		<b>\$799,459</b>	<b>\$56,876</b>	<b>\$1,116.80</b>	<b>1.96%</b>
Alameda County	Sep 2020	\$7,500	\$583	\$13.70	2.37%
Contra Costa	FY 2018	\$8,326	\$958	\$107	1.05%
Fresno	Jun 2020	\$4,900	\$261	\$4.30	1.66%
Imperial County	FY 2019	\$876	\$34	\$0.20	0.69%
Kern	Jun 2020	\$3,953	\$84	\$1.10	1.31%
Los Angeles	Sep 2020	\$58,200	Not Released	\$165.80	Unknown
Marin	FY 2019	\$2,510	\$279	\$21.50	7.72%
Mendocino	FY 2020	\$532	N/A	--	--
Merced	Jun 2020	\$826	\$49	\$0.30	0.69%
Orange	Dec 2019	\$14,500	\$1,735	\$17.80	1.03%
Sacramento County	FY 2019	\$8,600	\$988	\$15.10	1.54%
San Bernardino	FY 2019	\$9,994	\$1,820	\$19.90	1.10%
San Diego County	Jun 2020	\$15,300	\$645	\$14.20	2.20%
San Joaquin County	FY 2019	\$2,900	N/A	--	--

# APPENDIX K-L.

## California Pension PE Fee Disclosure

Name	Report Date	Overall Fund Size (millions)	“Fair Value” of PE Investment (millions)	Management Fees (millions)	Fees/Fair Value
San Joaquin County	FY 2019	\$2,900	N/A	--	--
San Mateo County	FY 2019	\$4,300	\$307	\$8.60	2.0%
Santa Barbara County	Jun 2020	\$2,554	\$215	\$5.10	2.3%
Sonoma County	FY 2019	\$2,796	\$61	\$0.30	0.5%
Stanislaus	FY 2020	\$1,974	N/A	--	--
Tulare County	FY 2020	\$1,383	\$150	\$1.10	0.7%
Ventura County	FY 2020	\$5,700	\$559	\$8.40	1.5%
<b>Non-Pers County Subtotal</b>		<b>\$157,626</b>	<b>\$8,150</b>	<b>\$308</b>	<b>3.8%</b>
Los Angeles City - LACERS	FY 2020	\$17,700	\$2,222	\$2,222	1.9%
Los Angeles City - LACERS	FY 2020	\$17,700	\$2,222	\$2,222	1.9%
San Diego City - SDCERS	Jun 2020	\$8,305	\$1,157	\$12.30	1.0%
San Francisco - SFERS	FY 2018	\$26,023	\$8,979	\$19.10	0.2%
Los Angeles Police & Fire	FY 2018	\$27,946	\$3,064	\$37.20	1.2%
San Jose Federated	FY 2019	\$2,170	\$60	\$3.90	6.4%
<b>TOP 5 CITY SUBTOTAL</b>		<b>\$82,146</b>	<b>\$15,483</b>	<b>\$114.60</b>	<b>0.74%</b>
<b>Est Total in Millions</b>		<b>\$1,039,232</b>	<b>\$80,511</b>	<b>\$1,539.60</b>	<b>1.9%</b>

Sources:

- "Period Ending: December 31, 2019; Investment Performance Review for Imperial County Employees' Retirement System." Verus Investments.
- Kendig, Donald C. "Memorandum: Receive and file Alternative Investment Vehicle Fee Disclosures pursuant to AB2833 – RECEIVE and FILE." August 5, 2020. Fresno County Employees' Retirement Association.
- "California State Teachers' Retirement System: Basic Financial Statements for Fiscal Year Ended June 30, 2020." Crowe LLP.
- Garbharran, Rishi & Chu, Chih-chi. "Memorandum: Alternative Investment Fees and Expense Report." November 18, 2020. Contra Costa County Employees' Retirement Association.
- "Report Pursuant to Assembly Bill 2833." May 8, 2019. CalSTRS Investment Committee.
- "California State Teachers' Retirement System: Q3 2020." Meketa Investment Group.
- "Investment Committee Semi-Annual Activity Report as of December 31, 2020; 8, Private Equity." CalSTRS.
- "CalPERS Alternative Investment Vehicle (AIV) Fee Expense Disclosure (AB 2833 Report) - Absolute Return Strategies for the Period Ending June 30, 2020." CalPERS.
- Gable, Tarrell. "Memorandum: Summary of December 9, 2020 Investment Committee Meeting." Alameda County Employees' Retirement Association.
- "Quarterly Performance Report: Q3." September 30, 2020. Stanislaus County Employees' Retirement Association.
- "Board of Retirement Business Meeting: November 23, 2020." Ventura County Employees' Retirement Association.
- "Comprehensive Annual Financial Report for the Year Ended December 31, 2019." Orange County Employees' Retirement System.
- "Comprehensive Annual Financial Report for the Fiscal Years ended June 30, 2020 and 2019." Merced County Employees' Retirement Association.
- "Memorandum: UPDATED DISCLOSURE REPORT OF FEES, EXPENSES, AND CARRIED INTEREST OF ALTERNATIVE INVESTMENT VEHICLES FOR THE FISCAL YEAR ENDING JUNE 30, 2020 PURSUANT TO GOVERNMENT CODE SECTION 7514.7" LA City Employees' Retirement System.
- "Comprehensive Annual Financial Report: Fiscal Years Ended June 30, 2020 and 2019." Kern County Employees' Retirement Association.

# APPENDIX M.

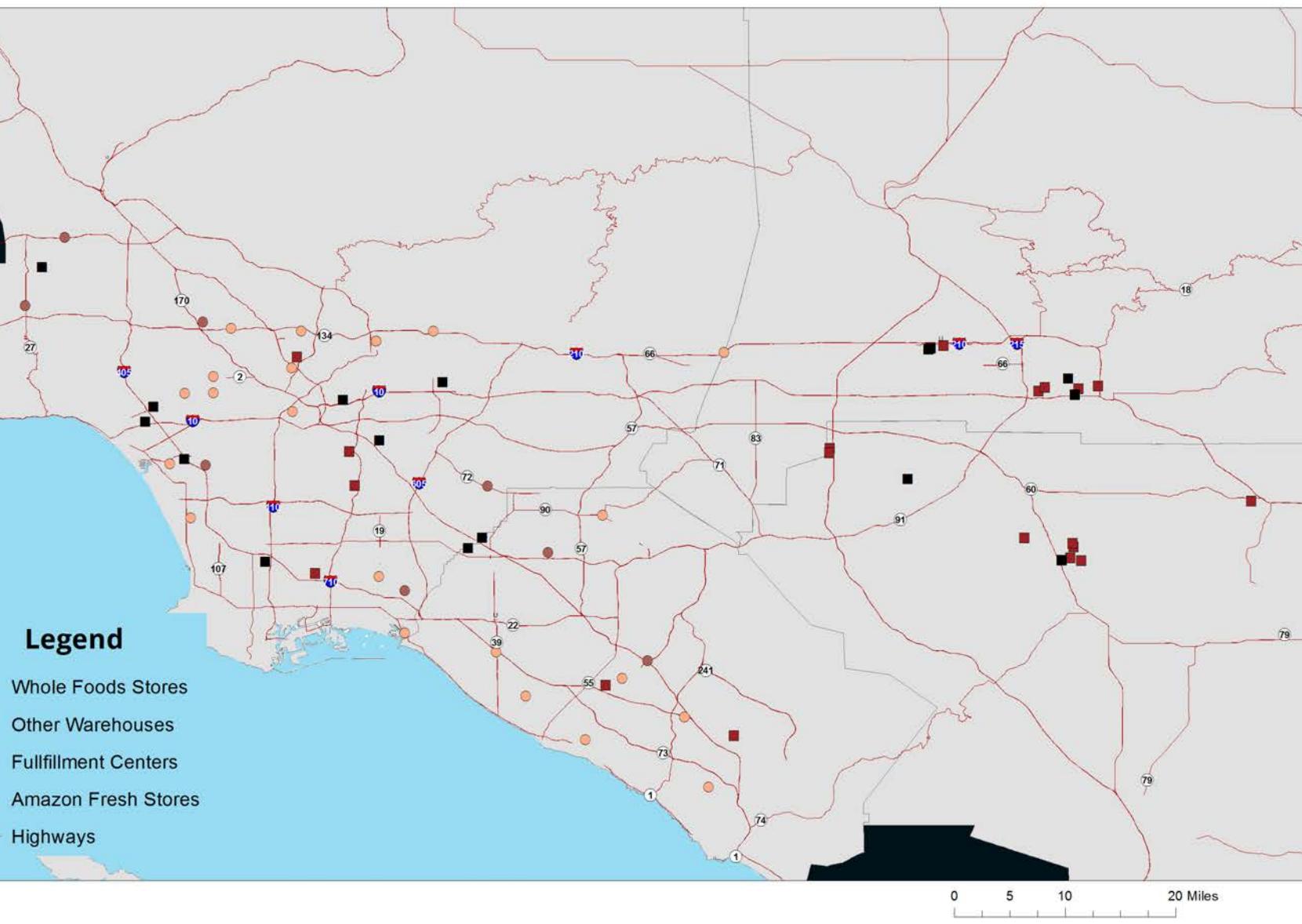
## Simplified CARES Act Breakdown

\$3.84t Disbursed / 5.93t Approved	
<b>Individuals</b>	
Unemployment Increases - \$543/748b	<ul style="list-style-type: none"> <li>• Unemployment support consisted of two boosts, the first a flat \$600 increase to new filings and then a weekly increase of \$300.</li> </ul>
Nutrition - \$50.9/80.2b	<ul style="list-style-type: none"> <li>• Child Care Block Grants are for states that need assistance with child care providers.</li> </ul>
Child Care Block Grants - \$28/\$28.4b	<ul style="list-style-type: none"> <li>• The Biden Administration doubled down on support for families with the Grants to Child Care Providers.</li> </ul>
Grants to Child Care Providers - \$24/24b	<ul style="list-style-type: none"> <li>• Direct payments are a sum of the three stimulus checks in April '20, December '20 and March '21.</li> </ul>
Community Services Block Grant - Less than \$1b	<ul style="list-style-type: none"> <li>• Child Tax Credit Expansion and Earned Income Tax Credit not yet disbursed.</li> </ul>
Direct Payments (Stimulus) - \$800/869b	
Child Tax Credit Expansion - \$0/100b	
Earned Income Tax Credit - \$0/26b	
Homeowner Assistance Fund - \$0/9.9b	
Rental Support - \$25/46.6b	
<b>Public Agencies</b>	
Elementary & Secondary Education Relief Fund - \$149/191b	<ul style="list-style-type: none"> <li>• Coronavirus Relief Fund was immediate relief in March 2020 for jurisdictions at every level to react to the pandemic.</li> </ul>
Coronavirus Relief Fund - \$149/150b	<ul style="list-style-type: none"> <li>• "Medicaid increases" are matching fund increases through 2022.</li> </ul>
Medicaid increases - \$37.6/80.5b	<ul style="list-style-type: none"> <li>• Transit Grants include the American Rescue Plan (\$26b), the CARES Act (\$22.6b), the Response and Relief Act (\$14b), and State Transportation grants (\$10b).</li> </ul>
Transit Grants - \$39/69.5b	<ul style="list-style-type: none"> <li>• Health Spending includes General Distribution Hospital Grants (\$70b), Heavily Impacted Hospitals Grants (\$23.8), and Rural Hospital grants (\$11.2/19.7b).</li> </ul>
Election Security Grants - \$394m/400m	
Higher Education Funding - \$35/76.2b	
Disaster Support - \$44/96.8b	
Health Spending - \$324/660b	

## APPENDIX M.

Small Business	
EIDL - \$202/475 b	• "Economic Injury Disaster Loan: Small businesses can apply for low-rate loans and have the payments deferred for a year."
Grants for Restaurants - \$26.8 b	• Grants for Restaurants: restaurants can apply for up to \$10 million in losses.
Grants for Shuttered Venues - \$16.3 b	• Grants for Shuttered Venues: event venues unable to operate can apply for grants of 45% of their 2019 income.
Debt Relief for Socially Disadvantaged Farmers - (\$3.98 b)	• Grants for Restaurants, Grants for Shuttered Venues, and Debt Relief from Socially Disadvantaged Farmers have not yet been tracked. It isn't known how much of the approved amounts have been disbursed."
Payments to Farmers \$25/52.6b	
Large Business	
Airline Support - \$69.4/86.5b	• "Airline support comes in two forms: \$21.2 is direct loans to cover losses and operations and the remainder is workforce support."
Loosen Corporate Interest Deduction - \$12.2/12.9b	
All Business	
PPP - \$792/835b	• Loosen Limits of Business Losses reverses two rules that were put into place before the pandemic to reduce the amount that businesses could write off their tax liability.
Employee Retention Payroll Tax Credit - \$15/45.8b	
Loosen Limits of Business Losses - \$192b/192b	
Delay of Payroll Tax - \$85/85b	

Source: "Covid Money Tracker." Accessed April 10, 2021. <https://www.covidmoneytracker.org/>



Source: Amazon Distribution Network Strategy [https://www.mwpvl.com/html/amazon\\_com.html](https://www.mwpvl.com/html/amazon_com.html)

# GLOSSARY

**California Advancing and Innovating Medi-Cal:** A multi-year initiative by the Department of Health Care Services to improve the quality of life and health outcomes of California's population by implementing broad delivery system, program, and payment reform across the Medi-Cal program.

**Credit rating agencies:** A company that assigns credit ratings, which rate a debtor's ability to pay back debt by making timely principal and interest payments and the likelihood of default.

**Deferrals:** Late payments to districts that are needed because the state can't meet its funding commitment to education.

**Enhanced Care Management:** A whole-person approach to care that would encompass both medical and nonmedical needs of high-need Medi-Cal beneficiaries enrolled in managed care.

**Federal Reserve:** The central banking system of the United States of America.

**In-Lieu of Services:** Nonmedical services that can be provided as alternatives to standard Medicaid benefits in the managed care delivery system.

**Local Control Funding Formula:** California's new school funding formula, enacted in 2013, fundamentally changed how all local educational agencies (LEAs) in the state are funded, how they are measured for results, and the services and supports they receive.

**Managed Care Plans:** Type of health insurance that contracts with health care providers and medical facilities to provide care for members at reduced costs.

**Municipal Liquidity Facility:** Established by the Federal Reserve to help state and local governments better manage cash flow pressures in order to continue to serve households and businesses in their communities.

**Proposition 13:** Passed in 1978. It limits local property tax increases to just 1% annually and prevents increases beyond 2% of a home's assessed market value, with homes purchased before 1977 pegged to that year's value. It also gives the state jurisdiction over allocating property taxes locally. In addition, corporate and business properties are able to avoid paying property tax increases and avoid those increases in value by side-stepping sales of properties.

**Proposition 98:** Passed in 1988. Establishes a minimum education funding guarantee from state and local property taxes.

**Regressive spending:** Public sector expenditures that produce inequitable outcomes.

**Reparative Public Goods:** Publicly funded resources that deliberately build towards a future world "without prisons and policing," but instead with "housing, healthcare, and education," creating new possibilities of thrive for BIPOC people. This often includes an intentional investment in funding, processes, and programs that center care, expand access to vital resources, and engage and build community and leadership.

**Soft Policing:** A form of policing that is done by human services workers such as teachers, social workers, or nurses who comply with police. Although these individuals are seen as benevolent supporters of a community, they can still enact harm through their investment in career/practices, such as information sharing with police.

**Solidarity Economy:** A dynamic process of economic organizing in which organizations, communities, and social movements work to identify democratic and liberatory means of meeting their needs through practices of collective ownership and mutual aid.

**Whole-person Care:** The coordination of health, behavioral health, and social services in a patient-centered manner with the goals of improved health outcomes and more efficient and effective use of resources.

**Wrap-around Services:** Strengths-based, needs-based approach to care that centers total wellbeing through a network of supports and resources.

# APPENDIX N.

## Community Schools Funded in LAUSD Since FY 2019

Cohort 1	City	Zip Code	District Region
74th Street Elementary	Los Angeles	90047	west
Woodrow Wilson H.S.	Los Angeles	90032	east
Polytechnic H.S.	Sun Valley	91352	northeast
Panorama H.S.	Panorama City	91402	northeast
Mendez S.H.	LA	90033	east
LA Global Studies at Miguel Contreras	LA	90017	central
Marina Del Rey M.S.	LA	90066	west
Walnut Park E.S.	Walnut Park / HP	90255	east
Vine Street E.S.	LA	90038	west
Van Nuys E.S.	Van Nuys	91401	northeast
Ninety-Third Street E.S.	LA	90003	south
Miramonte E.S.	LA	90001	south
Farmdale Elementary an IB World School	LA	90032	east
Euclid Ave E.S.	LA	90023	east
Catskill Avenue Elementary	Carson	90745	south
Alta Loma E.S.	LA	90019	west
Alta California E.S.	Panorama City	91402	northwest

# APPENDIX O.

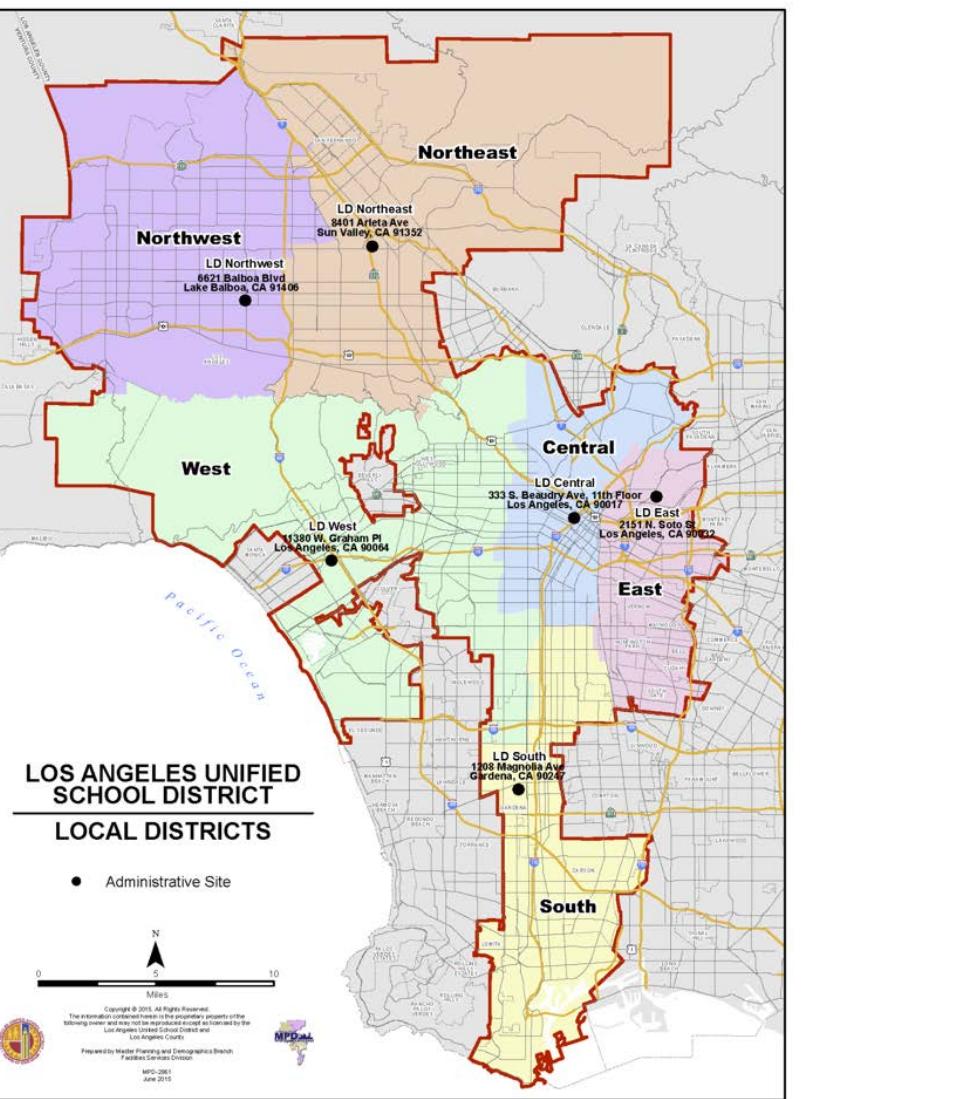
## Community Schools Funded in LAUSD Since FY 2019

Cohort 2	City	Zip Code	District Region
Susan Miller Dorsey H.S.	LA	90016	west
Augustus Hawkins H.S.	LA	90044	west
George Washington Carver M.S	--	90011	central
Audubon M.S.	--	90008	west
Sharp Avenue E.S	Arleta	91331	northeast
Palms E.S.	LA	90034	west
Lucille Roybal - Allard E.S.	HP	90255	east
Logan Street E.S	LA	90026	central
Hillcrest Drive E.S.	LA	90008	west
Gardner Street E.S.	LA	90046	west
Ellen Ochoa Learning Center	Cudahy	90201	east
Carlos Santana Arts Academy	North Hills	91343	northwest
Baldwin Hills E.S	LA	90016	west

Source: Community Schools Initiative. LAUSD. LAUSD Cohort 1 & 2. <https://achieve.lausd.net/Page/17394>

## APPENDIX P.

### Los Angeles Unified School District Local Districts Map



Source: LAUSD School District Map. <https://achieve.lausd.net/domain/34>

## APPENDIX Q.

### LACCD Updated Tentative Budget Figure

The District's 2021-22 Tentative Budget of \$4.9 billion for all funds reflects the following major budget areas:

• Building Fund (Prop. A, AA, J and Measure CC)	\$ 3.7 billion
• Unrestricted General Fund	\$ 820.8 million
• Student Financial Aid Fund	\$ 240.8 million
• Restricted General Fund (categorical and specially funded)	\$ 109.2 million
Special Reserve Fund (State Funded Capital Outlay Projects)	\$ 50.0 million
• Bookstore Fund	\$ 16.9 million
• Debt Services Fund	\$ 7.1 million
• Child Development Centers Fund	\$ 2.2 million
• Cafeteria Fund	\$ 0.5 million

Source: TENTATIVE BUDGET 2021-2022, Office of the Chancellor, Los Angeles Community College District, June 2021.  
<https://www.laccd.edu/Departments/CFO/budget/Documents/2021-2022%20Tentative%20Budget%20for%20print.pdf>

# GLOSSARY

**Black, Indigenous, People of Color (BIPOC):** The term Black, Indigenous, People of Color is an updated term from People of Color. The other two letters, for black and Indigenous, were included in the acronym to account for the erasure of black people with darker skin and Native American people, according to Cynthia Frisby, a professor of strategic communication at the Missouri School of Journalism.<sup>227</sup>

**Electric Vehicle Infrastructure Training Program (EVITP):** The Electric Vehicle Infrastructure Training Program provides training and certification for electricians installing electric vehicle supply equipment (EVSE).<sup>228</sup>

**Essential workers:** According to the U.S. Department of Homeland Security, essential workers are those who conduct a range of operations and services that are typically essential to continue critical infrastructure operations. Critical infrastructure is a large, umbrella term encompassing sectors from energy to defense to agriculture.<sup>229</sup>

**Garment Worker Center (GWC):** Garment Worker Center is a worker rights organization leading an anti-sweatshop movement to improve conditions for tens of thousands of Los Angeles garment workers. Through direct organizing, GWC develops leaders who demand enforcement of strong labor laws and accountability from factory owners, manufacturers, and fashion brands. We center immigrant workers, women of color, and their families who are impacted by exploitation in the fashion industry.<sup>230</sup>

**Green economy:** The United Nations definition of Green Economy is a low carbon, resource efficient and socially inclusive. In a green economy, growth in employment and income are driven by public and private investment into such economic activities, infrastructure and assets that allow reduced carbon emissions and pollution, enhanced energy and resource efficiency, and prevention of the loss of biodiversity and ecosystem services.<sup>231</sup>

**High-road economy:** A high-road economy supports businesses that compete on the basis of the quality of their products and services by investing in their workforces; these businesses pay the wages and benefits necessary to attract and retain skilled workers, who in turn perform high-quality work.<sup>232</sup>

**High Road Training Program (H RTP):** The High Road Training Partnership (H RTP) initiative is a California-specific \$10M demonstration project designed to model partnership strategies for the state. Ranging from transportation to health care to hospitality, the H RTP model embodies the sector approach championed by the Board. The initiative was designed as a campaign-- to advance a field of practice that simultaneously addresses the urgent questions of income inequality, economic competitiveness, and climate change through regional skills strategies designed to support economically and environmentally resilient communities across the state.<sup>233</sup>

**International Brotherhood of Electrical Workers (IBEW):** Formerly, the National Brotherhood of Electrical Workers (NBEW), the International Brotherhood of Electrical Workers is a labor union that represents nearly 750,000 workers and retirees in the United States, Canada, Panama, Guam and several Caribbean island states. Mainly electricians, or inside wiremen, in the construction industry and lineworkers and other employees of public utilities. The union also represents some workers in the computer, telecommunications, broadcasting, and other fields related to electrical work.<sup>234</sup>

**Just transition:** The Climate Justice Alliance defines just transition which is described as a vision-led, unifying and place-based set of principles, processes, and practices that build economic and political power to shift from an extractive economy to a regenerative economy.<sup>235</sup>

**Los Angeles City Sanitation (LASAN):** The Los Angeles Department of Sanitation is a local agency responsible for managing waste, water, and watershed parameters for the City of Los Angeles.<sup>236</sup>

**Low wage job:** Jobs at the hourly wage threshold at two-thirds of the median full-time wage. In 2017, the value of the threshold was \$14.35, and the value was inflation-adjusted for data.<sup>237</sup>

**National Electrical Contractors Association (NECA):** The National Electrical Contractors Association (NECA) is a trade association in the United States that represents the \$130 billion per year electrical contracting industry.<sup>238</sup>

**National Renewable Energy Laboratory (NREL):** The National Renewable Energy Laboratory is a national laboratory part of the U.S. Department of Energy. The laboratory advances the science and engineering of energy efficiency, sustainable transportation, and renewable power technologies.<sup>239</sup>

**Net Zero Plus Electrical Training Institute (NZP-ETI):** The Net Zero Plus Electrical Training Institute in Los Angeles is a partnership of the International Brotherhood of Electrical Workers Local 11 and the Los Angeles Chapter of the National Electrical Contractors Association. Each year, NZP-ETI trains more than 1,500 electrical workers and contractors with state-of-the-art electrical training center to be prepared for challenging and rewarding careers in the electrical industry.<sup>240</sup>

**Personal Protective Equipment (PPE):** Personal protective equipment, commonly referred to as "PPE" is equipment worn to minimize exposure to hazards that cause serious workplace injuries and illnesses. These injuries and illnesses may result from contact with chemical, radiological, physical, electrical, mechanical, or other workplace hazards. PPE may include items such as gloves, safety glasses and shoes, earplugs or muffs, hard hats, respirator, or coveralls, vests and full body suits.<sup>241</sup>

**Project Labor Agreements (PLA):** A project labor agreement is a pre-hire union labor agreement in which the contract terms and labor conditions are established in advance. Project labor agreements are sought by many to be a way to reduce costs controlling quality assurance and minimizing increased labor costs.<sup>242</sup>

**Transit-oriented development (TOD):** Includes a mix of commercial, residential, office and entertainment centered around or located near a transit station. Dense, walkable, mixed-use development near transit attracts people and adds to vibrant, connected communities.<sup>243</sup>

# APPENDIX R.

## Interview Guide

### INTERVIEW GUIDE FOR POLICYMAKERS

1. For my notes, would you please provide a synopsis of your work and what you believe to be the significance of that effort for local workers?
2. Could you briefly describe your experiences and history's relative to \_\_\_\_\_ (ex:circular fashion, garments, renewable energy, etc.)
3. What are the current challenges and opportunities towards building out environmentally sustainable labor practices and industries?
4. Do you believe that the creation of green jobs also means an improvement in conditions for working class communities?
5. Where do you see workers in the process of green policy-making? Do you see pathways besides workforce training that could best situate the labor force within growing green industries?
6. What future do you envision for sustainable practices? What is your definition of the Green New Economy? How would it differ from the present Green economy?
7. Who else would you suggest we connect with?

### INTERVIEW GUIDE FOR RESEARCHERS

1. For my notes, would you please provide a synopsis of your work and what you believe to be the significance of that effort for local workers?
2. Could you briefly describe your experiences and history's relative to \_\_\_\_\_ (ex:circular fashion, garments, renewable energy, etc.)
3. What are the current challenges and opportunities to pursue more sustainable practices?
4. Where do you see workers in processes of 'Greening' in the sector you research/work in?
5. What future do you envision for sustainable practices? What is your definition of the Green New Economy? How would it differ from the present Green economy?
6. Who else would you suggest we connect with?

### INTERVIEW GUIDE FOR INDUSTRY LEADERS

1. For my notes, would you please provide a synopsis of your position in your industry, and the exact scope of your work?
2. Could you briefly describe your experiences and history's relative to \_\_\_\_\_ (ex:circular fashion, garments, renewable energy, etc.)
3. What are the current challenges and opportunities towards building out environmentally sustainable labor practices within your industry/sector
4. Do you believe that the creation of green jobs also means an improvement in conditions for working class communities? What has your experience been in the field organizing/in the industry?

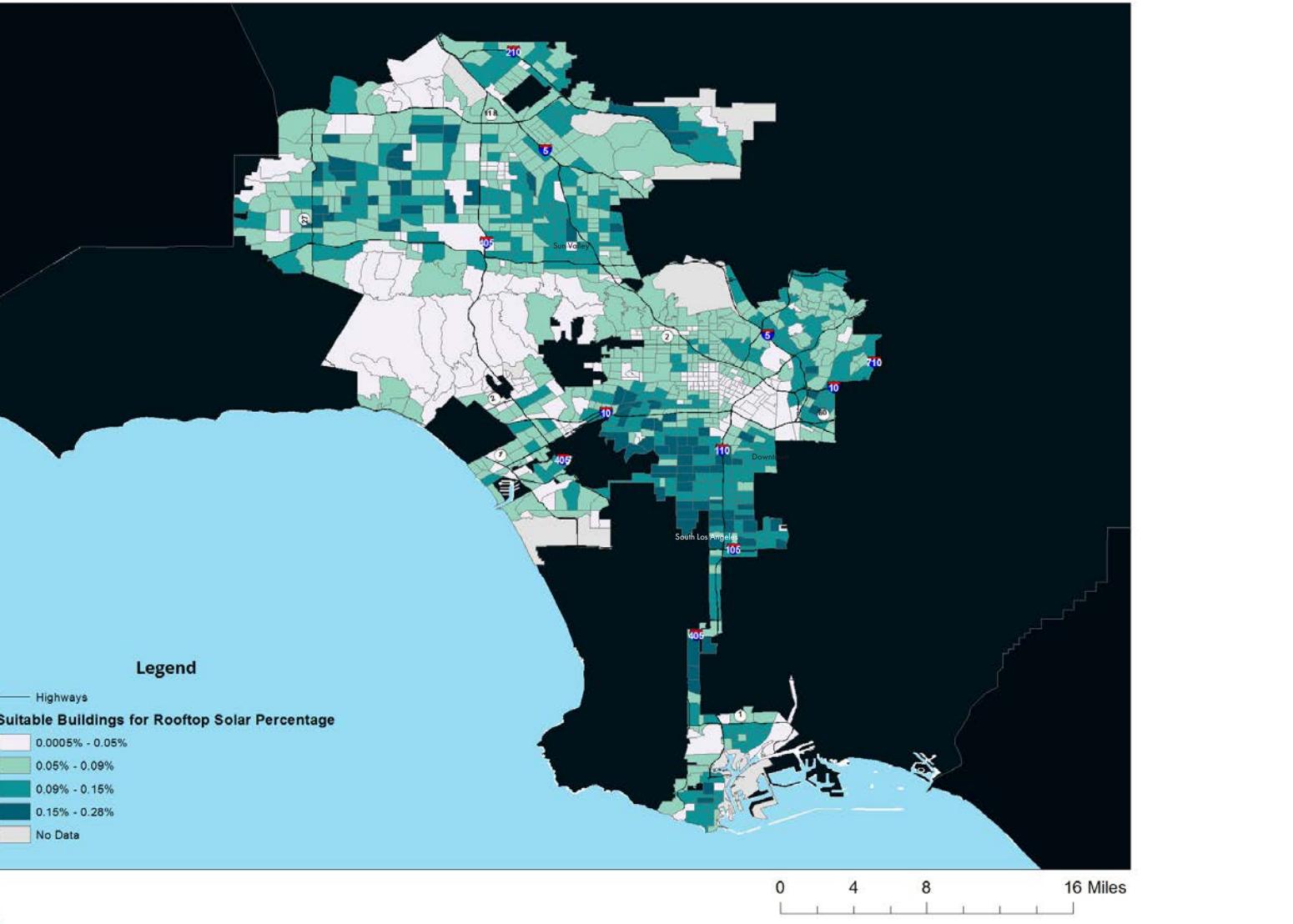
### INTERVIEW GUIDE FOR LABOR ADVOCATES

1. For my notes, would you please provide a synopsis of your position in your industry, and the exact scope of your work?
2. How would you conceptualize the green economy so far, and would a green new economy look different?
3. Where do you see strategies for a just transition in LA? What are some case studies you're exploring? (How to track businesses exploring just transition)
4. How has Covid-19 changed the nature of your work? Do you see any trends change, openings appear, or new scenarios that could affect green workers?
5. Do you recommend any case studies or policies at the intersection of circular economies/ sustainability that center and improve workforce conditions?
6. Do you recommend anyone to follow up on in LA or Southern California that would be helpful in understanding

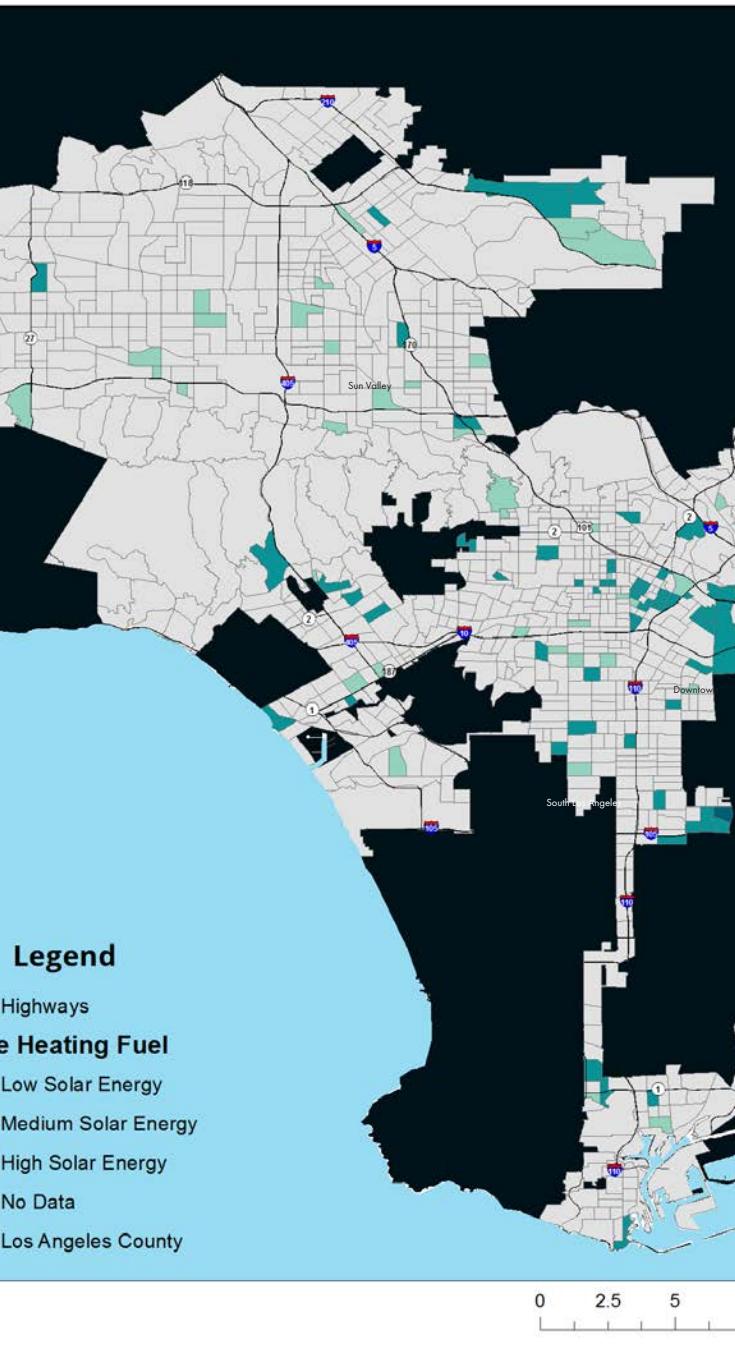
## City of Los Angeles Distribution of Households Source Power from Solar Energy

### APPENDIX S.

#### City of Los Angeles Percentage of Suitable Buildings for Rooftop Solar

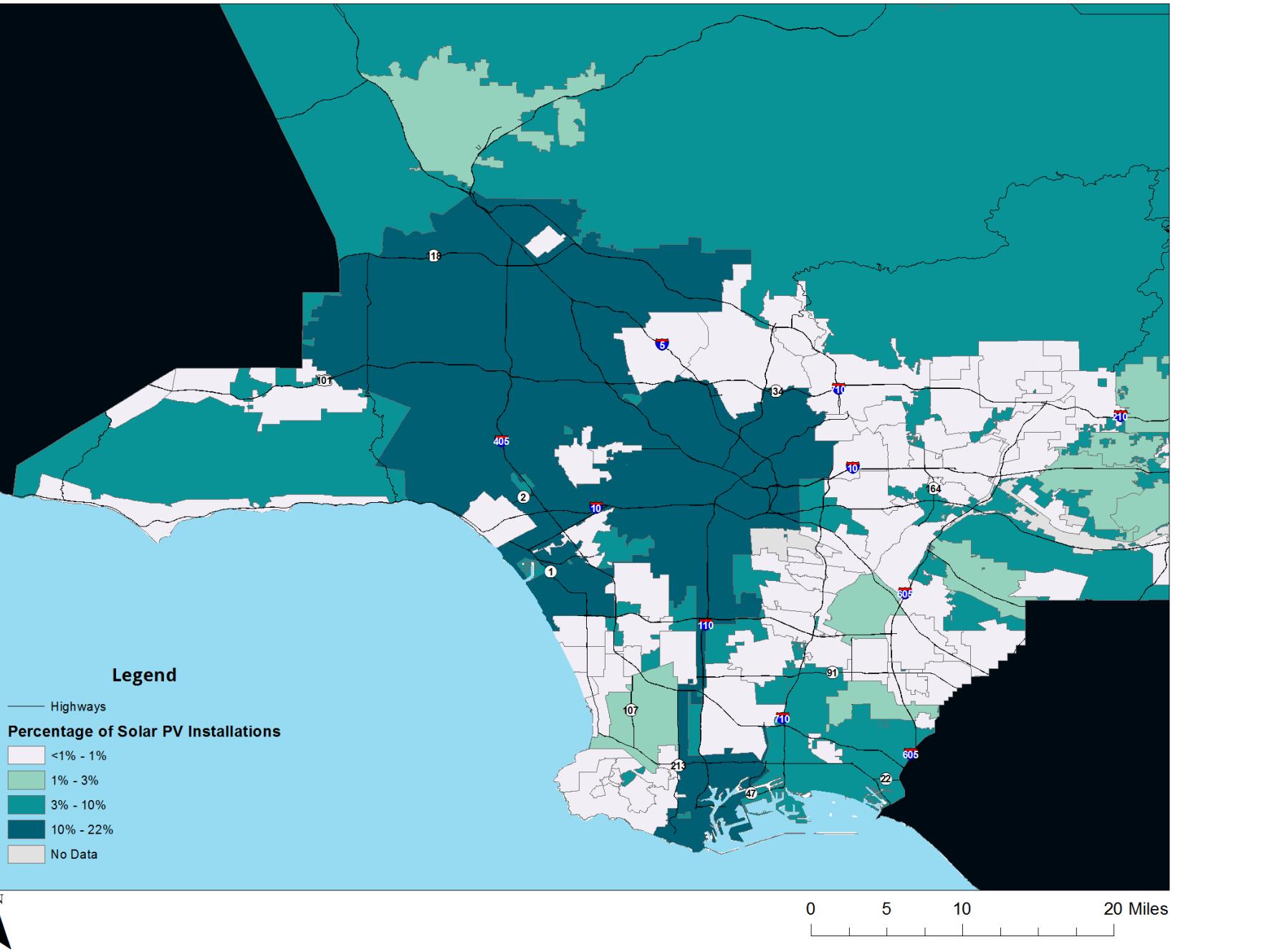


Source: National Renewable Energy Laboratory (NREL), American Community Survey 5-year estimates (2011-2015)



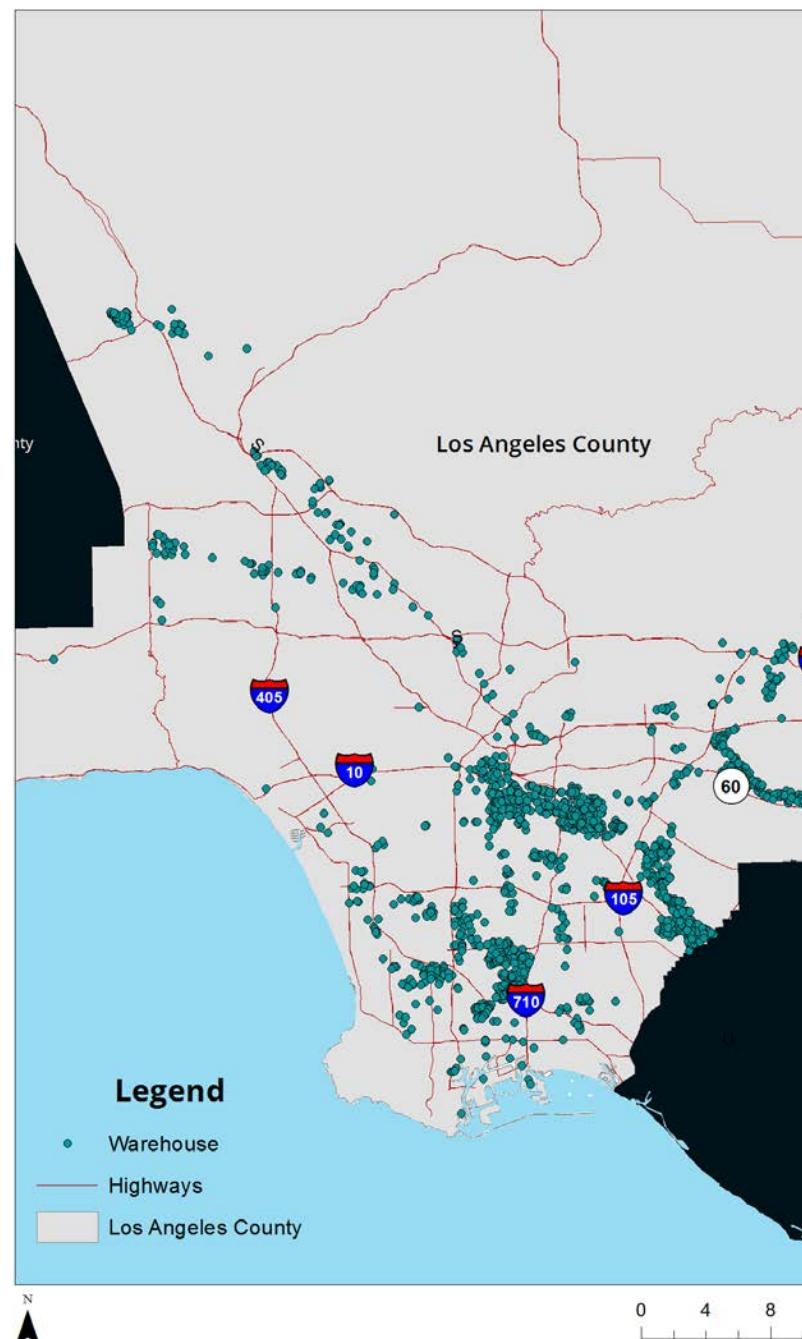
Source: American Community Survey 5-year estimates (2014-2019)

### Los Angeles County Percentage of Solar PV Installations



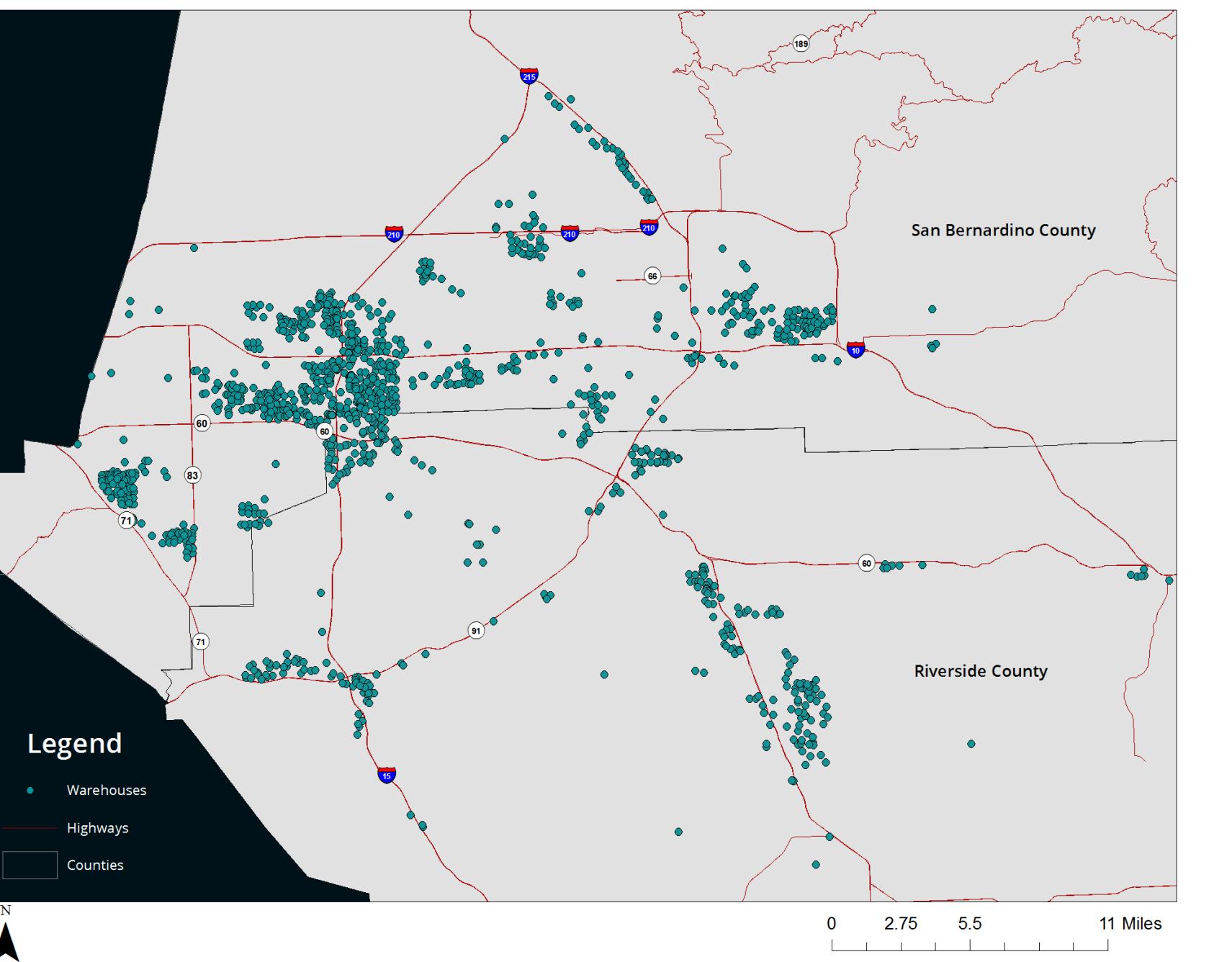
Source: National Renewable Energy Laboratory (NREL) Solar PV Installations (2011-2015)

### Los Angeles County Distribution of Warehouses over 100,000 sq ft

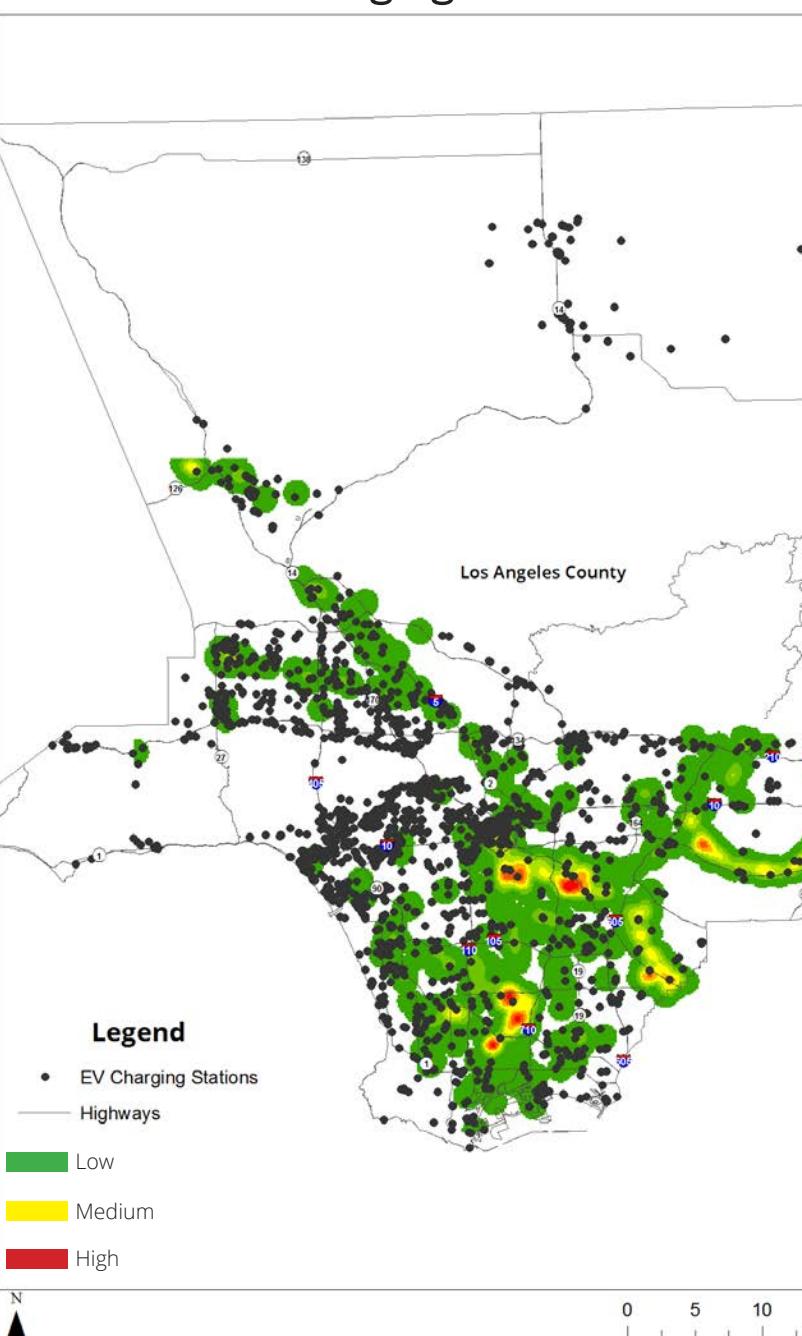


Source: "FolderPop," accessed June 6, 2021, <https://onbase-pub.aqmd.gov/sAppNet/FolderPop/FolderPop.aspx>

## San Bernardino and Riverside Counties Distribution of Warehouses over 100,000 sq. ft

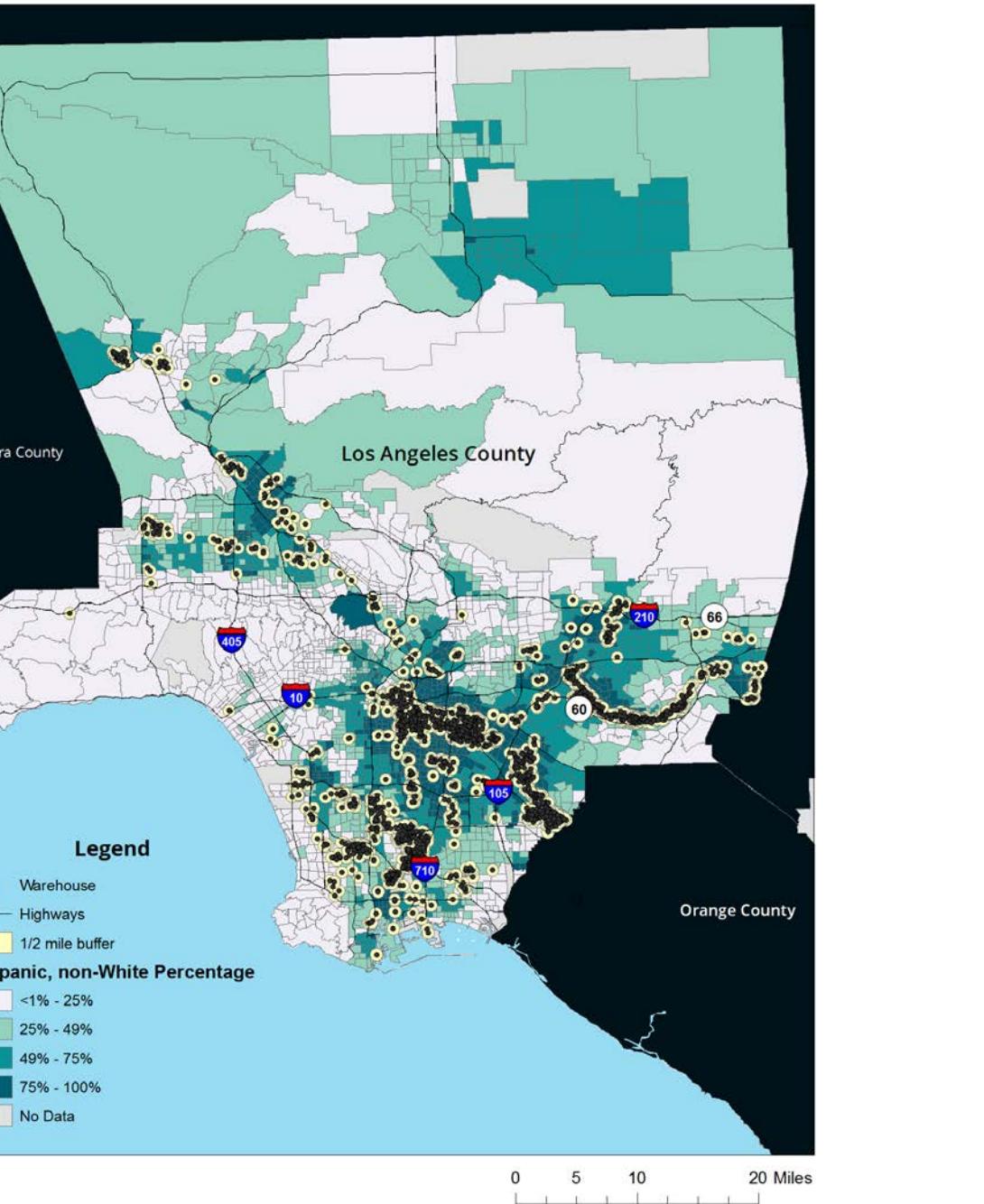


# Los Angeles County Distribution of EV Charging Station in Relation to Warehouses



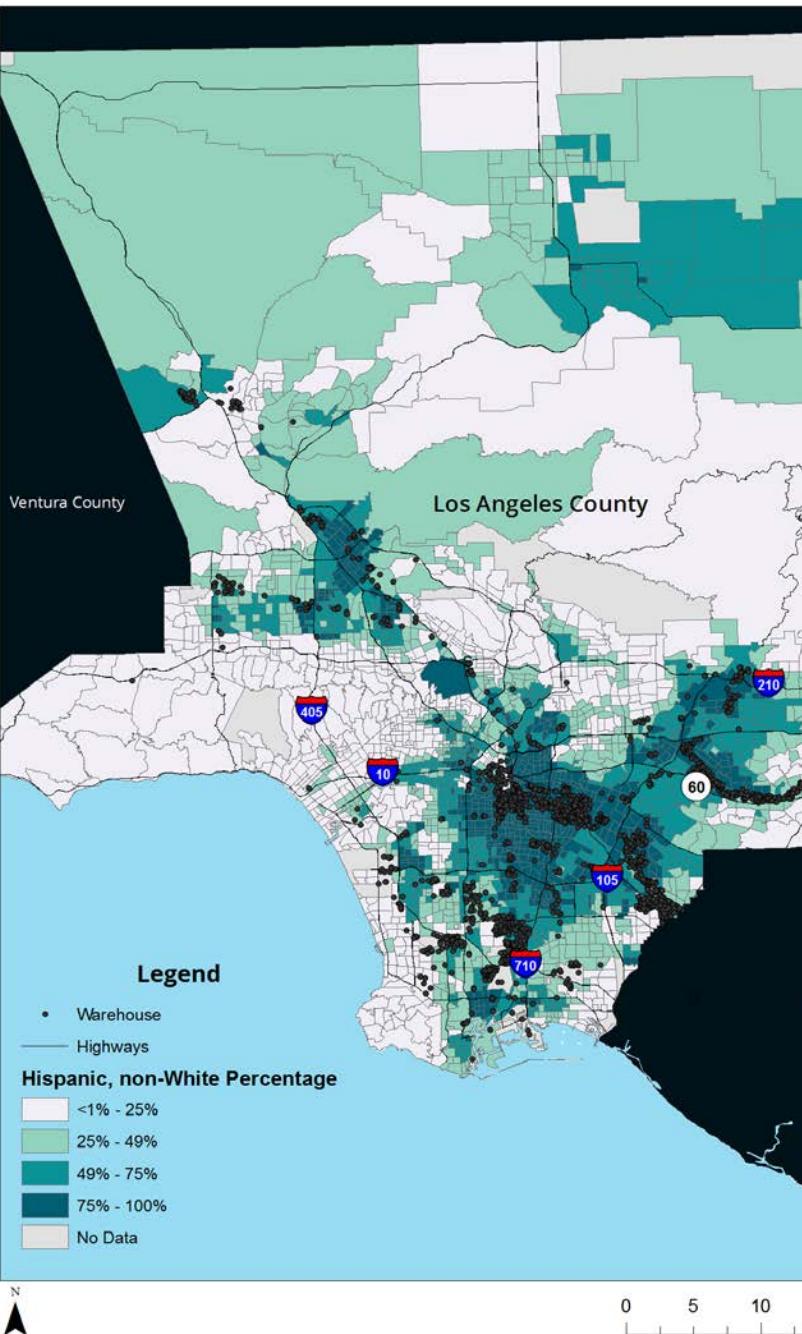
Source: "FolderPop," accessed June 6, 2021, <https://onbase-pub.aqmd.gov/sAppNet/FolderPop/FolderPop.aspx>.

Los Angeles County Percentage of Demographics Population near Warehouses



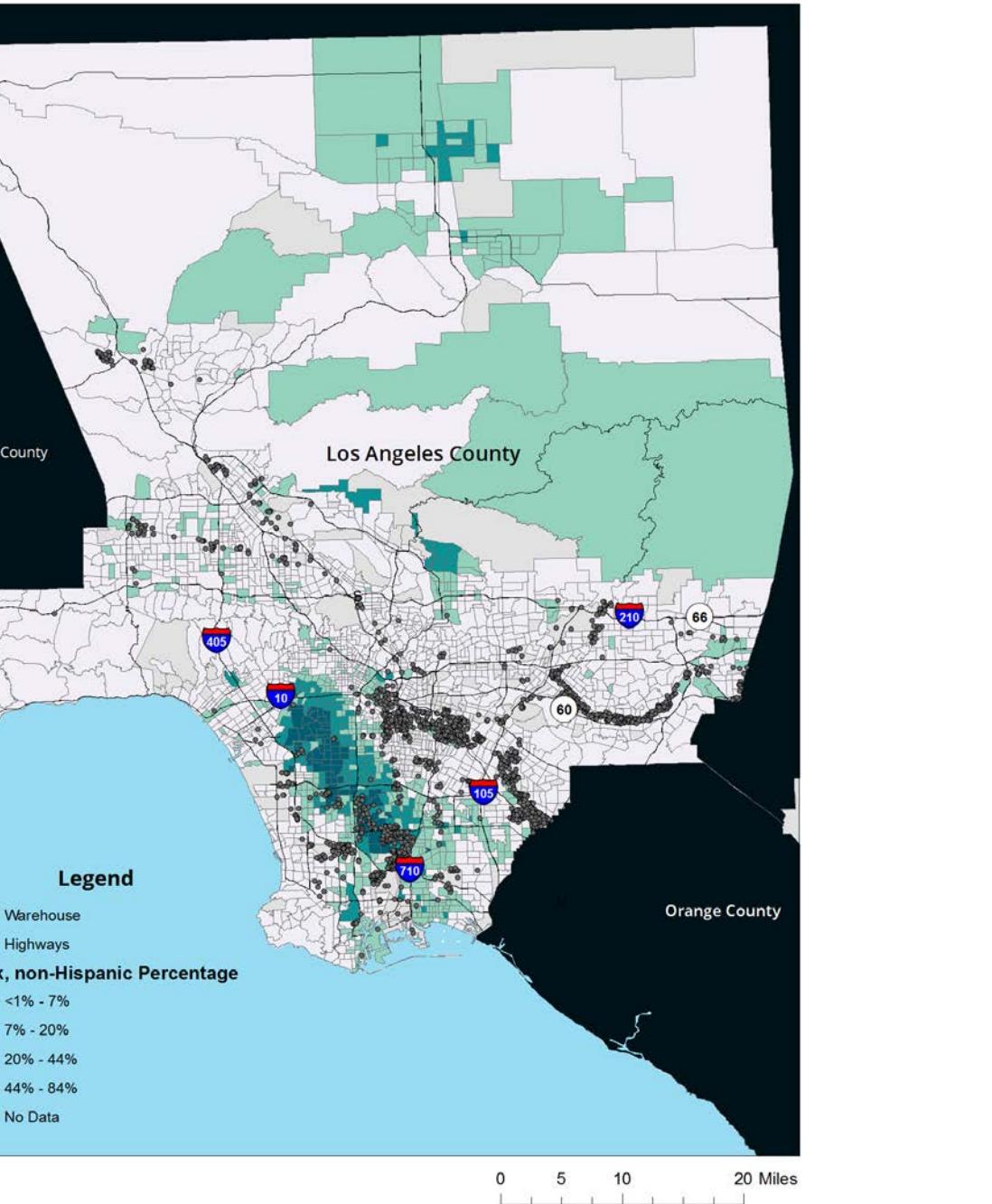
Source: American Community Survey 5-year estimates (2014-2019)

Los Angeles County Percentage of Demographics Population near Warehouses

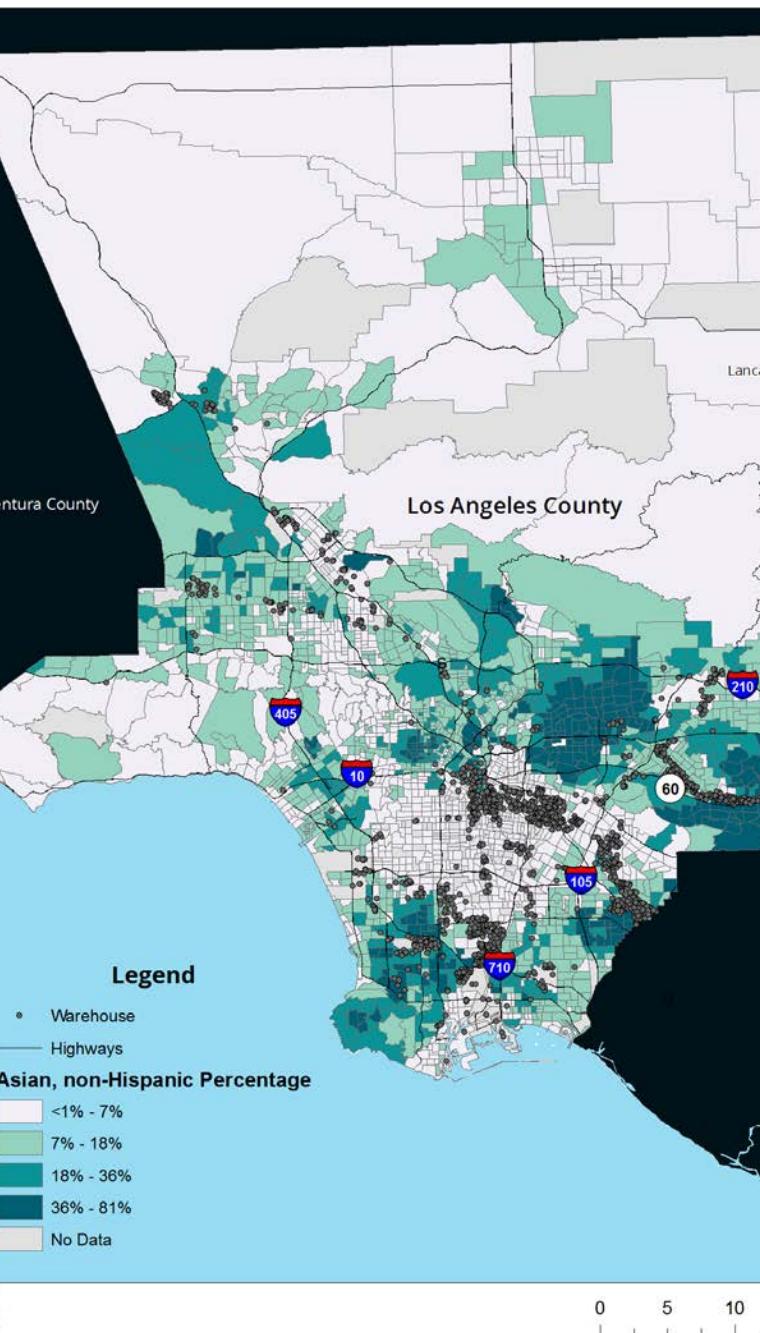


Source: American Community Survey 5-year estimates (2014-2019)

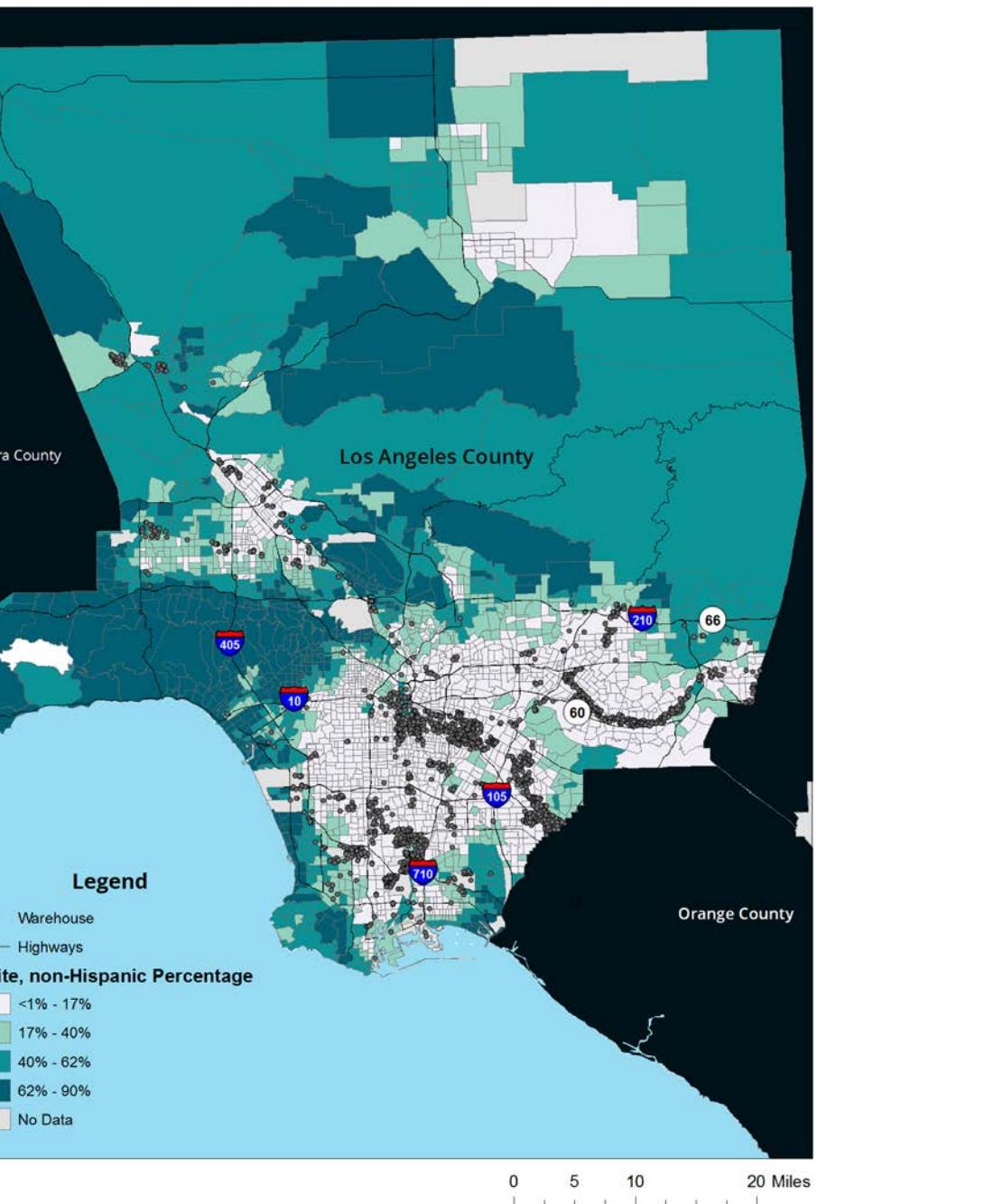
Los Angeles County Percentage of Demographics Population near Warehouses



Los Angeles County Percentage of Demographics Population near Warehouses

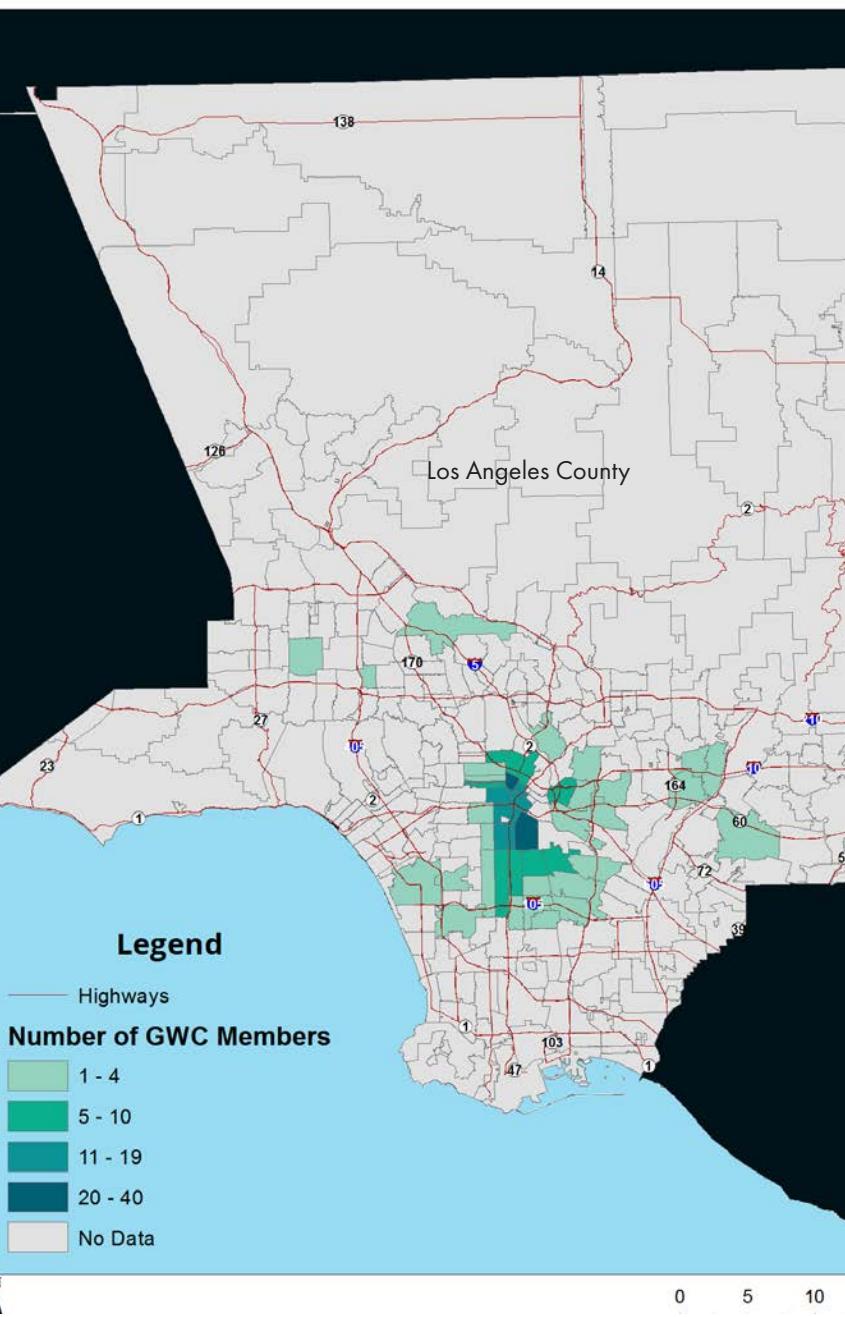


## Los Angeles County Percentage of Demographics Population near Warehouses



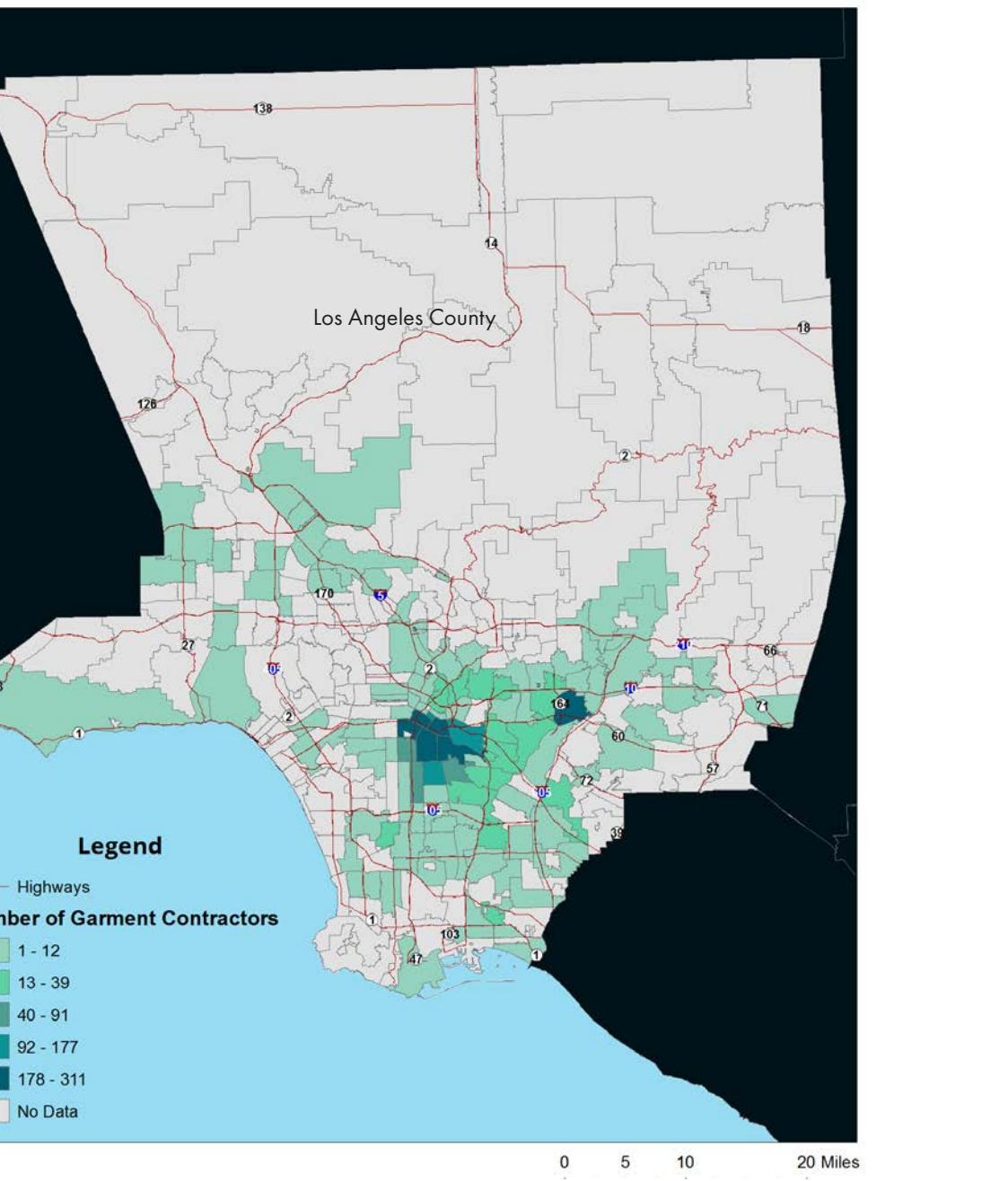
Source: American Community Survey 5-year estimates (2014-2019)

## Los Angeles County Concentration of Garment Workers Registered with GWC by Zip Codes

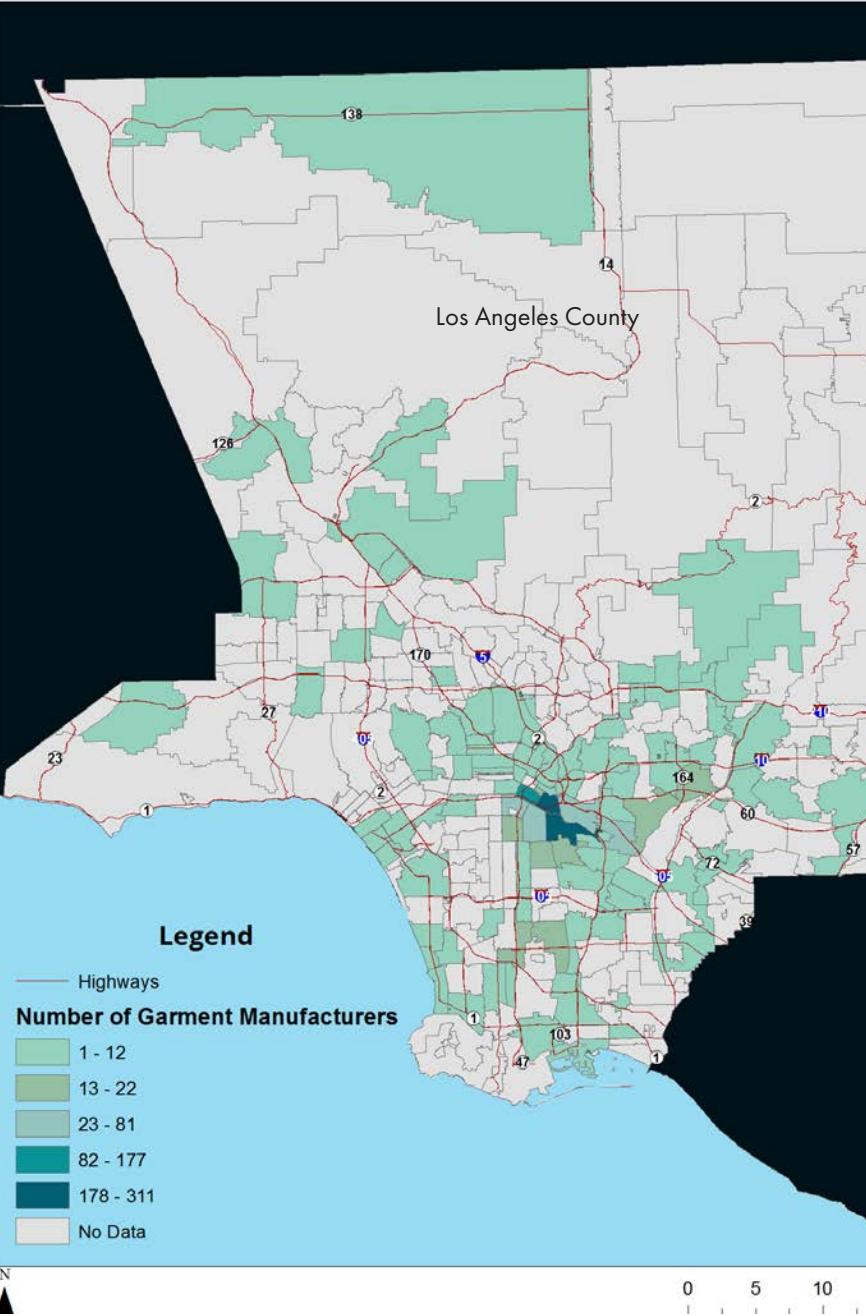


Source: Open Apparel Registry

# Los Angeles County Concentration of Garment Contractors Registered with GWC by Zip Codes



## Los Angeles County Concentration of Garment Manufacturers by Zip Code

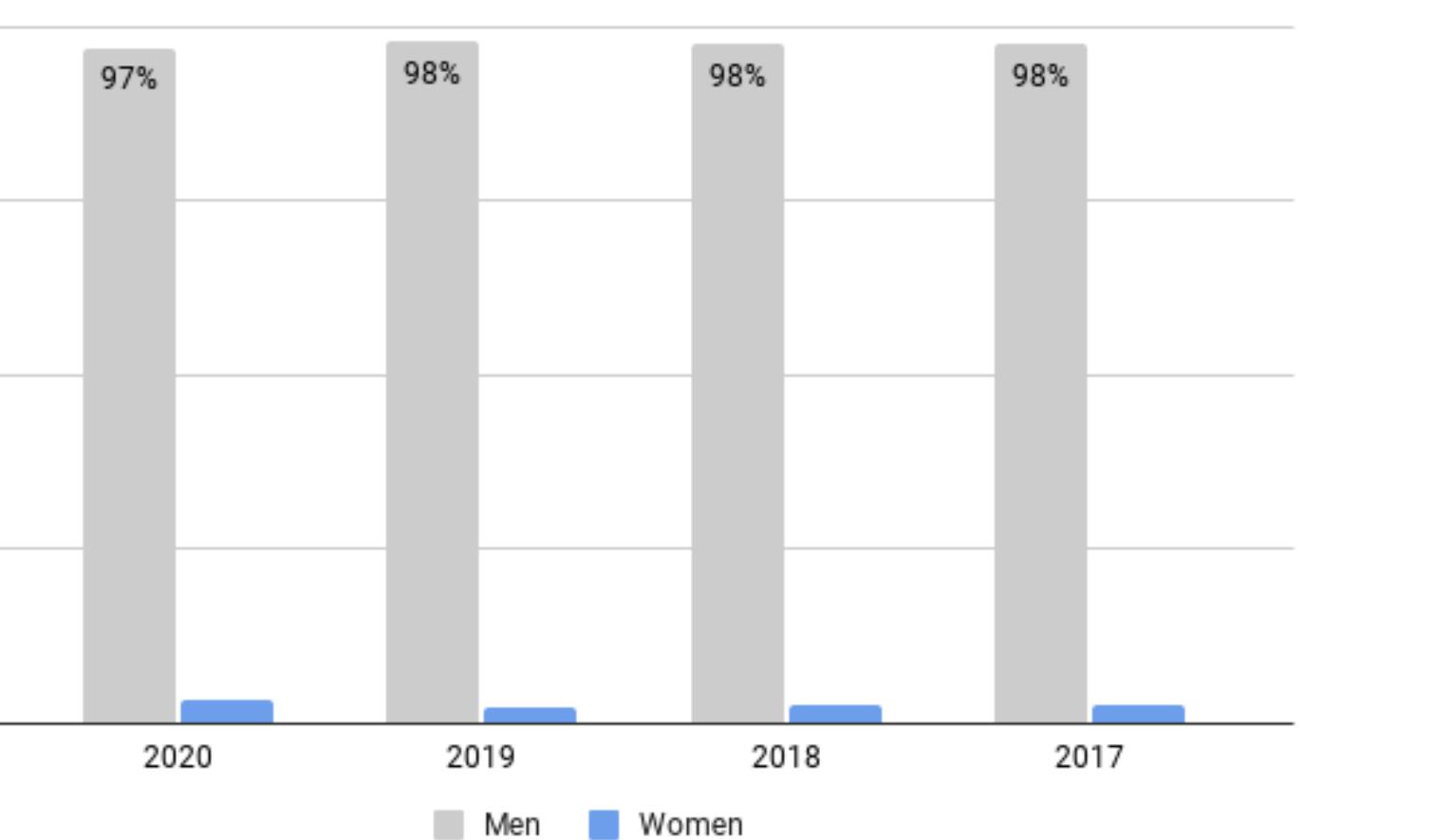


# APPENDIX T.

## Mean Hourly and Annual Wage by in the Electrical Contracting Sector

Occupation	Mean Hourly Wages		Mean Annual Wages	
	National	Los Angeles	National	Los Angeles
Electrical and Electronics Installers and Repairers, Transportation Equipment	\$22.40	\$43.12	\$46,600	\$89,680
First-Line Supervisors of Mechanics, Installers, and Repairers	\$35.95	\$41.45	\$74,780	\$86,220
Electrical Power-Line Installers and Repairers	\$34.00	\$39.45	\$70,710	\$82,050
Construction Electricians	\$29.22	\$37.25	\$60,770	\$77,470
Electrical and Electronics Repairers, Commercial and Industrial Equipment	\$28.23	\$32.36	\$58,720	\$67,300
Telecommunications Line Installers and Repairers	\$25.06	\$31.55	\$52,120	\$65,630
Heating, Air Conditioning, and Refrigeration Mechanics and Installers	\$23.75	\$31.31	\$49,400	\$65,130
Riggers	\$27.41	\$28.50	\$57,000	\$59,290
Installation, Maintenance, and Repair Workers, All Other	\$24.80	\$24.01	\$51,580	\$49,940
Helpers-Installation, Maintenance, and Repair Workers	\$15.94	\$17.63	\$33,160	\$36,670
Line Installers and Repairs	\$27.11	--	\$56,400	--
<b>Average</b>	<b>\$26.72</b>	<b>\$32.66</b>	<b>\$55,567</b>	<b>\$67,938</b>

## Gender Composition of Electrical Contracting Workforce (2017-2020)



### Racial/Ethnic Composition of Electrical Contracting Workforce (2017-2020)

