



FOR IMMEDIATE RELEASE
July 15, 2014

VICA RELEASES REPORT BY ECONOMIST DR. MICHAEL SHIRES THAT EXAMINES THE IMPACT OF ENERGY POLICY ON JOB GROWTH IN LOS ANGELES

Sherman Oaks, Calif. – The Valley Industry Commerce Association (VICA) released a report today by renowned economist Michael Shires, Ph.D. which provides important insights about how California’s energy and environmental programs are driving up costs for the workforce and employers in Los Angeles. The report, entitled “[The Effects of California’s Energy Policy on Opportunity in Los Angeles County](#),” finds that environmental plans that raise energy costs have significant impacts for low and middle income communities in Los Angeles.

The reports illustrates that economic opportunity in Los Angeles is concentrated in three sectors that already face challenges for recovery and growth which will be further compounded by rising energy costs. The report states, “There are several sectors where these effects will be concentrated—namely sectors where the capital to labor ratio is high, more specifically manufacturing, and those where energy costs drive a significant part of the cost structure of the business—namely trade, transportation and utilities. Construction can also be affected by energy costs, both on the fuel side in terms of acquiring and staging materials, and on the materials fabrication side. . . . As the county more desperately needs these sectors to flourish to maximize the mechanisms for income mobility for Angelenos currently in poverty, the new costs imposed by AB 32 are aimed directly at these businesses. We must be careful moving forward not to throw monkey wrench in the engine of opportunity in pursuit of our broader environmental goals.”

“This report highlights the unintended consequences of our state’s expensive energy policies,” said Stuart Waldman, President, Valley Industry and Commerce Association. “I appreciate Dr. Shires’ policy recommendations to ensure that we have a balanced approach to energy policy that protects the economy and can be adjusted for factors such as drought and unexpected demand that may drive energy prices even higher.”

Overall, the report underscores the need for balanced energy planning: “Californians and Angelenos appreciate the delicate balance that must happen between preserving economic opportunity and preserving the state’s natural beauty and resources.” There are many different legislative and regulatory efforts to shape environmental and energy policy, both in the current implementation of AB 32 as well as in planning for post 2020 programs. For example, there is increasing concern about the impacts of adding transportation fuels into California’s cap and trade program beginning in 2015, which is estimated to increase fuel costs for consumers by 16 to 76 cents per gallon.

“The most important issue for California’s economy is to grow good paying middle class jobs across all industry sectors, and especially manufacturing” said Rob Lapsley, President and CEO, California Business Roundtable. “Unfortunately, the evidence is clear that our energy policies are now increasing costs on businesses, which makes California even less competitive to attract investment and grow middle class jobs.”

“The bottom line is that businesses will be paying an increasing share of their operating costs on energy bills,” said Sandy Cajas, President and CEO, Regional Hispanic Chamber of Commerce. “As our state’s policymakers consider ways to create economic opportunities for minority communities, I urge them to consider how rising energy costs makes this even more difficult.”

Dr. Shires, an Associate Professor of Public Policy at Pepperdine University’s School of Public Policy, presented the report today at VICA’s Newsmaker Connection series.

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The mission of the Valley Industry & Commerce Association (VICA) is to enhance the economic vitality of the greater San Fernando Valley region by advocating for a better business climate and quality of life. Visit www.vica.com for more information.