



Report Finds Sensible Regulations and Job Creation in the Energy Industry Will be a Key Driver in Strengthening Economic and Public Health for the Inland Empire

Inland Empire Economic Center releases report by Dr. John Husing "California Energy Policy & The Inland Empire" at Inland Empire Economic Partnership Event

May 6, 2014, San Bernardino, CA – A report released today found that California's energy and environmental policies are inhibiting job creation and opportunities for upward mobility for the residents of the Inland Empire. In his report entitled "California Energy Policy & The Inland Empire," Dr. John Husing cites high taxes, high energy costs, and instability of the state's regulatory processes as major factors contributing to the area's high unemployment, high poverty levels and low educational attainment. Dr. Husing directly correlates increased economic opportunities with enhanced public health, citing research that finds environmental policies actually play a lesser role in increasing public health and quality of life.

"California's leaders can simply ignore the extraordinary levels of poverty that have arisen in places like the Inland Empire, or they can decide to make some very tough decisions in order to tackle the issue," said Dr. Husing. "Assuming the political will can be found, the ultimate need is to rebalance the impact of the state's policies so that solving the issue of poverty and related public health issues is put on an equal footing with energy and environmental concerns."

Dr. Husing's report examines the economic condition, educational attainment and poverty level of the Inland Empire and contrasts it with the more prosperous areas of California that have dominated much of the policy development for the state. The data indicates that the Inland Empire has unusually high unemployment, with a very high percentage of adults having marginal educations and a significant share of people, families and children living in poverty. In March 2014, the Inland Empire's unemployment rate was the highest in the U.S. for a metropolitan area of 1,000,000 or more people. These conditions have fallen particularly hard on the region's African-American and Hispanic populations.

The report makes the direct connection between job creation in blue collar sectors and increased public health. Husing cites research by the University of Wisconsin, School of Public Health, sponsored by the Robert Wood Johnson Foundation, that indicates that 90% of public health issues are related to poverty and just 10% of public health issues come from environmental issues.

With the environment now the cleanest it has been in decades, the ability to make further improvements requires regulatory and energy measures that are negatively impacting job creation in the very sectors that marginally educated workers need to see growing. According to



the report, there are four main industry sectors - mining, oil & gas, construction, manufacturing and logistics - that can potentially help marginally educated workers achieve upward mobility and move out of poverty. The problem is that each of these sectors is heavily impacted by California's regulatory and energy policies which impose burdensome costs and taxes.

"This report articulates the need to create high-paying jobs in industry sectors that have few educational barriers to entry and ample opportunities for job growth," said Paul Granillo, President & CEO of IEEP. "These jobs are critical for the economic recovery of Inland Empire communities and policymakers need to take a hard look at the unintended negative consequences of the state's energy and environmental policies, many of which flow from the state's wealthier coastal counties."

State policy considerations recommended in the report include:

- In judging the efficacy of energy policies, the legislature could mandate that an analysis of the impact of increased fuel costs on job creation in manufacturing, logistics and construction be determined and criteria established setting levels of job losses beyond which policies must be modified due to their impact on the state's marginally educated workers.
- Given its potential to increase the competitiveness of sectors like manufacturing in California, the development of the Monterey Shale for oil and gas should be a high priority, subject to appropriate environmental and safety concern. This is potentially an asset to the kind of blue collar job creation needed by marginally educated workers throughout the state.
- The non-partisan Legislative Analyst's Office could be funded by the legislature specifically to document the extent to which the state's energy and regulatory policies are cutting off job growth that could otherwise lower the levels of poverty in the state and the associated public health difficulties.
- An appeals framework outside the control of the state's regulatory agencies could be set-up by the legislature that would allow firms or their workers to challenge what they see as onerous policies and rules.

The report was released today at a roundtable event focused on energy costs and reliability issues in California. Panel members include Paul Granillo, President and CEO, Inland Empire Economic Partnership, Dr. John Husing, Chief Economist, Inland Empire Economic Partnership and Rob Lapsley, President, California Business Roundtable.

The Inland Empire Economic Partnership (IEEP) mission is to help create a two-county regional voice for business and quality of life. Our membership is a collection of important organizations in the private and public sector with the knowledge and perspective needed to advocate and provide a vibrant business and living environment in our region.

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