



Restoring CALIFORNIA ■ 2011
JOBS | JUSTICE | PROSPERITY



CALIFORNIA LABOR FEDERATION
www.CaliforniaLabor.org

FACT SHEET
AB 894 (V. Pérez) and AB 16 (Perea)

MAKE IT IN CALIFORNIA – BRING BACK MANUFACTURING JOBS

Purpose

To create good jobs in California by rebuilding the state’s manufacturing industry.

Background

Since 2000, California has experienced large and sustained job losses in the manufacturing sector, mirroring the national manufacturing decline. Between January 2000 and 2009, California lost 471,000 manufacturing jobs, equal to 25.6% of all manufacturing jobs in the state.

The loss of manufacturing jobs makes California’s economic woes even worse. Historically, California’s economy has been built on the success and growth of the manufacturing sector. Without a robust manufacturing base, the state’s economy faces a long and slow recovery and uncertain future.

The global credit crisis has only made the situation worse. Despite the government bank bailout, banks are not lending and manufacturers cannot access credit. Manufacturers that want to expand, retool or start new enterprises cannot access the credit they need to do so.

California was once the leader in manufacturing for new and innovative industries – from aerospace to high tech. Even though California still is a leader in innovation and invention, the manufacturing of new products has moved overseas. We are no longer a leader in manufacturing the products that build the new economy.

California’s working families are struggling just to get by. The only way for California to emerge from this deep, dark recession is to invest in the creation of good jobs with decent pay and benefits.

Investment in manufacturing is a smart way to get California on the road to recovery and lay the foundation for a robust economy.

Manufacturing jobs have the highest multiplier effect of any job classification in any industry – for every manufacturing job created, an additional 2.5 jobs are created in the broader economy.

The presence of one manufacturing firm gives rise to an entire supply chain creating business opportunities for suppliers, component manufacturers, contractors and professionals. In addition, producing goods in-state spurs economic activity in the transportation and shipping industries.

Jobs in manufacturing are also good for working families. The average wage for a manufacturing job in California is \$25,000 higher than that of a service sector employee and \$35,000 higher than retail trade wages.

California has great potential to generate new manufacturing activity. We can begin making things again. The state has committed \$9 billion to build a high-speed rail system and has received \$4.1 billion in matching federal funds.

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Currently all high-speed rail train car manufacturers are located overseas. But California has an opportunity to use public dollars to attract those manufacturers to California to build high-speed rail trains here, creating new jobs and a new industry.

AB 894 and AB 16 invest in California's manufacturing sector by providing the tools and markets that manufacturers need to grow and thrive in the state.

Public investment in the manufacturing sector will yield short-term job creation that will put our members back to work today. The real value of manufacturing, however, is that it builds a strong foundation for tomorrow's economic growth and prosperity.

What These Bills Will Do

- **AB 894** creates a Revolving Loan Fund in the State Treasurer's office that will be capitalized by existing state and federal funds. The Fund will give low-interest loans to manufacturers that plan to create or retain jobs in California. Priority for loans will be given to applicants that pay the highest industry wage goals, provide good health and retirement benefits, and submit joint labor/management applications. Firms that do not meet job creation goals or that move jobs out of state will have to pay back the loan in full plus interest.
- **AB 16** will require the California High-Speed Rail Authority to make every effort to purchase high-speed trains manufactured in California when they contract for trains. Since no trains are currently manufactured in California, this consideration will create an incentive for train manufacturers from abroad to locate new manufacturing in California.

Support

- ~ California Labor Federation (Co-Sponsor)
- ~ California Conference of Machinists (Co-Sponsor)

Key Contacts

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