



CREATING GOOD JOBS, A CLEAN ENVIRONMENT, AND A FAIR AND THRIVING ECONOMY

October 26, 2023

California Air Resources Board  
1001 I Street  
Sacramento, CA 95814

Dear Chair Randolph and Members of the Air Resources Board:

As organizations spanning California's environmental, labor, and social justice movements, we are united by our commitment to an equitable transition to clean, renewable energy and public mobility that centers communities and workers.

The Hybrid and Zero-Emission Truck and Bus Voucher Incentive Program (HVIP) spurs market-shaping transformation within the bus and truck industry. We believe that with key changes, HVIP can lead the adoption of zero-emission vehicles while also raising the bar on job quality and environmental protection.

**The California Jobs and Environment Plan (CJEP) works within HVIP's existing procedures to improve job quality for the workers who build eligible vehicles and promote socially and environmentally sustainable manufacturing practices. We urge you to adopt the CJEP so that we can decrease air pollution while creating family-sustaining jobs.**

California is a worldwide climate leader, and we can—and must—do more to ensure that the workers who are powering the shift to zero-emission vehicles are not left behind in the transition. HVIP is uniquely situated to impact the low- and zero-emission transit manufacturing sector at this critical time when the industry is rapidly expanding. We, the undersigned, believe that the California Jobs and Environment Plan is an essential step in promoting an equitable transition to zero-emissions transportation, and ask for your strong support in implementing the CJEP within HVIP.

Please find the California Jobs and Environmental Plan attached. We look forward to hearing from you on this policy proposal.

Sincerely,

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California Policy and Legislative Manager  
Jobs to Move America

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# California Jobs and Environmental Plan (CJEP)

## Introduction

The Hybrid and Zero-Emission Truck and Bus Voucher Incentive Program (HVIP) is one of the largest incentive programs in the world for heavy-duty low- and zero-emission vehicles. Including mechanisms that measure job quality and manufacturing impact within HVIP can amplify the benefits of the program for workers and communities in California and across the nation.

The California Jobs and Environment Plan (CJEP) works within HVIP's existing procedures to improve job quality for the workers who build low- and zero-emission vehicles and promote socially and environmentally sustainable manufacturing practices. The CJEP policy updates the Vendor Eligibility Applications to include commitments to two components: High Road Jobs and Greenhouse Gas Emissions.

## *General Provisions*

- OEMs will include a CJEP as part of each application for vehicle model program eligibility, both for the initial application for eligibility and for new models. CJEP commitments apply to the specific vehicle model for which the OEM is applying for eligibility.
- The CJEP will initially consist of two components: High Road Jobs and Greenhouse Gas Emissions. Both components will be scored separately, and the two component scores will be added to calculate the CJEP score. Once the EU Battery Passport has been phased in, a Responsible Battery Manufacturing score will be added to the total CJEP score (see appendix).
- The CJEP score determines the incentive modifier which will apply to each eligible vehicle.
- A CJEP is considered responsive if it includes at least one responsive component.
- OEMs are not required to provide a CJEP. Any vehicle model for which the OEM has not submitted a responsive CJEP will receive a CJEP score of zero, and the corresponding modifier will apply to the vehicle model.

## *CJEP Guiding Principles*

Using the CJEP, CARB can score vehicle models according to their manufacturer's written commitments to high-quality job creation and environmental sustainability. Attaching increased voucher amounts to higher-scoring vehicles creates a strong incentive for purchasers to choose models with higher CJEP scores. In turn, this consumer demand motivates manufacturers to improve their workforce and environmental practices in order to receive a higher score. The CJEP works in tandem with the marketplace as a "race to the top," and does not disqualify vehicles or limit consumers' options.

A critical component of the CJEP is transparency. The public has the right to know about the workforce and sustainability practices of businesses it is subsidizing. For this reason, information provided through the CJEP should not be considered confidential information or a trade secret and should be made publicly available on the CARB website. Transparency will help encourage a race to the top and significantly improve the chances that manufacturers will meet the commitments they make in their CJEP proposals.

## **High Road Jobs Component**

### *Required Information from OEMs*

For each vehicle model that an OEM is applying for or renewing program eligibility, an OEM and participating suppliers will provide information on production jobs at facilities where the vehicle and vehicle supplies/materials are produced. It is voluntary for suppliers to participate; however, doing so will increase the OEM's High Road Jobs subscore. This information must include a list of the production employee job categories, along with the following information pertaining to employees in each category:

- the number of regular hours they will work per vehicle
- the minimum regular hourly wage rates they will be paid
- the minimum hourly fringe benefits rate they will be paid
- the location where the work will be performed.

OEMs and participating suppliers will provide this information using the [California Jobs and Environment Plan worksheet](#).

For suppliers, “per vehicle” means the components or materials the supplier sells to the OEM which will be included in a single vehicle. For example, a powertrain supplier would provide information pertaining to the manufacture of a single powertrain.

### **High Road Jobs Subscore**

CARB will calculate a High Road Jobs subscore for each vehicle model application according to the formula described below. Applications with High Road Jobs components that are missing, incomplete, or do not conform to program rules will receive a High Road Jobs subscore of zero.

Raw scores will be calculated according to the number of regular (non-overtime) hours worked and regular Total Hourly Compensation rates (equal to hourly wages plus hourly fringe benefits).

CARB will compare raw scores for a vehicle model to the median raw score of other applications for vehicles of the same use type and fuel type and similar weight classes. CARB will divide vehicles into weight class ranges for the purpose of comparing job commitments (eg. school bus, electric, classes 3-5), to limit the number of sets and ensure there is an adequate basis of comparison within each set of vehicles.

**Raw Jobs Score:** A vehicle model’s Raw Jobs Score is equal to the sum of the hours worked times the square of the total compensation for each job category:

$$R = \sum_{c=1} \text{regular hours}_c (\text{Total compensation}_c)^2$$

where  $c$  is the job category. In this formula, total compensation is squared in order to give stronger weight to the quality of jobs than to the number of job hours reported.

**High Road Jobs subscore:** A vehicle model’s High Road Jobs subscore is equal to 50 plus 2.5 times the percentage by which its Raw Job Score varies from the median among vehicle models in the same use-fuel-weight class range category. The minimum and maximum scores are 0 and 100.

*Example: Consider the following category of vehicles: Electric, Class 6-8, School bus. Suppose the median Raw Jobs Score in the category is 1,750,000. If OEM X reports a Raw Jobs Score of 1,995,000, their jobs commitment is scored at 14% above the median, which would receive a High Road Jobs Subscore of  $50 + 2.5 * 14 = 85$ .*

## ***Verification Procedure***

OEMs and participating suppliers will be required to submit annual reports at the end of each calendar year for each vehicle model that was purchased during the year using an HVIP voucher with a CJEP modification greater than the lowest possible CJEP modification. Annual reports must include a summary spreadsheet documenting job classifications, minimum wages and benefits for each job classification, and the total hours worked by permanent employees in each job classification for the assembly of each vehicle, along with accompanying payroll records.

CARB can compare these annual reports and payroll records to the OEM's and participating suppliers' CJEP submissions to verify that OEMs and participating suppliers met their job commitments, including hours worked per vehicle, wages and benefits for each job classification, and total compensation.

CARB can request pay stubs from a random sample of employees within any of the job classifications listed in an OEM or participating supplier's reporting in order to verify wages and benefits.

If the total compensation or line item wages and benefits for a particular job classification fall short of a manufacturer's CJEP commitments for a vehicle model, CARB shall notify the manufacturer of their noncompliance and the time frame within which corrective action must be taken to comply with commitments, including compensating workers for underpayment of wages or benefits with respect to CJEP commitments. Failure to take adequate corrective action, or to submit proper documentation in an annual report, within the given time frame will result in the vehicle—along with all vehicle models in the same vehicle classification assembled by the manufacturer, or for which the manufacturer is a supplier—receiving a High Road Jobs subscore of zero for all HVIP funding rounds commencing in the 12 month period following the last day of the time frame for corrective action.

OEM and participating suppliers' proposals and annual reports should be public record, and should not be considered confidential information or trade secrets.

## **Greenhouse Gas (GHG) Emissions Component**

### ***Required Information from OEMs***

OEMs must provide a Life Cycle Assessment (LCA) for each individual vehicle when they apply for eligibility.

This LCA must be conducted by an accredited certification body, using the most recent 14,000 series standards developed by the International Standardization Organization (ISO).<sup>1</sup> When an OEM submits its LCA, it must also disclose which accredited certification body it chose to conduct the LCA.

OEMs can choose any accredited certification body to conduct the LCA. LCAs that do not come from an accredited certification body will be deemed unresponsive and will result in a GHG subscore of zero. A proper Life Cycle Assessment should evaluate environmental impact from cradle-to-grave.

### **Greenhouse Gas Emissions (GHG) Subscore**

CARB will calculate a GHG subscore for each vehicle model application according to the procedure described below. Applications with LCAs that are missing, incomplete, or do not conform to program rules will receive a GHG subscore of zero.

CARB will compare LCAs for a vehicle model to the median total score of other applications for vehicles of the same use type and fuel type and similar weight classes. CARB will divide vehicles into weight class ranges for the purpose of comparing job commitments (eg. school bus, electric, classes 3-5), to limit the number of sets and ensure there is an adequate basis of comparison within each set of vehicles.

**GHG Emissions subscore: A vehicle model's GHG Emissions subscore is equal to 50 plus -2.5 times the percentage by which its life cycle GHG emissions vary from the median among vehicle models in the same use-fuel-weight class range category. The minimum and maximum scores are 0 and 100.**

*Example: Consider the following category of vehicles: Electric, Class 4-5, Step van. Suppose the median GHG emissions for vehicles in the category is 75,000 kg CO<sub>2</sub> eq. If OEM Y reports lifecycle emissions of 68,000 kg CO<sub>2</sub> eq, they are committing to compensation that is 9% below the median, which would receive a score of  $50 + 2.5 * 9 = 73$  (rounded up from 72.5).*

### **Verification Procedure**

Since these assessments must be done by an accredited and reputable third party, CARB can choose, at its own discretion, to verify Life Cycle Assessment results with the third party that the OEM listed in its vehicle eligibility forms.

The LCA results for each vehicle will be deemed public record, thus easing CARB's administrative burden and allowing for co-enforcement with community groups, labor groups and agencies, and watchdog organizations.

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<sup>1</sup> <https://www.iafcertsearch.org/search/certification-bodies>

# Final Scoring Mechanism

## *California Jobs and Environmental Plan*

For each CARB-certified vehicle, CARB will score the manufacturer's California Jobs and Environmental Plan commitments from 0-800 according to a formula which weighs each component as follows:

1. **High Road Jobs Component (70%)**
2. **Greenhouse Gas Emissions (30%)**

The CJEP score for a vehicle model will be equal to twice the GHG Emissions score plus six times the High Road Jobs score.

HVIP modifiers for the CJEP shall be determined according to the CJEP score as shown in the following chart:

California Jobs and Environment Plan Score	CJEP HVIP Modifier (plus-ups and deductions from base)
650+	+30%
500-649	+15%
300-499	No modifier
< 299	-15%

CARB will publish OEMs' CJEP and reports to the CARB website. CJEPs will be published within two weeks of vehicle certification. Reports will be published within two weeks of receipt by CARB.

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## Appendix

Establishing responsible practices around battery manufacturing is a key part of environmental equity and sustainability. Recently, the European Union established regulations which will require manufacturers to use the Global Battery Alliance's



Battery Passport beginning in 2026. At that time, CARB will add the Responsible Battery Manufacturing Component, as outlined below, to the CJEP.

Once instituted, the Responsible Battery Manufacturing subscore will account for 15% of the CJEP score, and the GHG Emissions subscore will be adjusted to 15% of the total score.

## **Responsible Battery Manufacturing Component**

### ***Guiding Principles***

CARB is encouraged to require information and documentation that is consistent with the EU Battery Directive and the California Lithium-Ion Battery Advisory Group report recommendations. Both suggest a QR code battery label providing mineral supply chain traceability as well as all the necessary information concerning safety, capacity, and contents, including hazardous substances.

Starting in 2026, EU regulations will require manufacturers to use the Global Battery Alliance's Battery Passport. Using the Battery Passport at CARB will provide uniformity, allowing for an easy implementation process for responsible OEMs who are keeping up with international standards. The Battery Passport already has proof of concept and was developed with significant industry input.

### ***Required Information from OEMs***

CARB should require OEMs to perform supply chain due diligence for the minerals and batteries according to internationally-recognized due diligence standards.

To demonstrate due diligence, OEMs must submit the Battery Model, QR Code, and Battery Passport ID Number of the battery used in each vehicle that they wish to be eligible for HVIP.

Due diligence is an ongoing process, so CARB should require that every supply chain get re-certified (or at least re-evaluated) on a periodic basis.

### ***Battery Manufacturing Subscore***

If a particular vehicle's battery has earned a Quality Seal from the Global Battery Alliance's Battery Passport reporting, this vehicle would receive 100 points for this subscore.

If the battery used in a particular vehicle model has not earned a Quality Seal, but the supply chain of that particular vehicle's battery has been sufficiently reported to have received a Battery Passport score, this vehicle would receive 50 points for this subscore.

If an OEM does not list the vehicle's battery model, or lists a battery model that has not been scored by the Battery Passport system, this vehicle would receive 0 points for this subscore.

### ***Verification Procedure***

CARB can use the QR Code and Battery Passport ID Number provided by the OEM to verify whether it has been scored and, if so, whether it has received a Quality Seal.

The information provided to CARB by each OEM will be deemed public record, which will promote transparency and public accountability on manufacturer compliance with supply chain due diligence commitments.