

North Dakota Legislative Testimony
SB 2301
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Testimony in Support of SB 2301

Good afternoon Chairman Kreun and members of the Energy and Natural Resources Committee.

My name is Lucas Franco.

I am the Research Manager for LIUNA Minnesota & North Dakota. We represent 12,000 construction workers across the two states and 550,000 across the US and Canada.

Our members work in a wide array of infrastructure construction from coal fired power plants to pipelines to wind farms. They are worried about the future as coal facilities close, and more concerned than ever to ensure that energy investments in North Dakota continue to create high-quality jobs for local residents.

Unfortunately, many North Dakota residents are currently missing out on work opportunities, especially in the renewable energy industry, because of a heavy reliance on non-local workers in these industries.

Problem: Reliance on Non-local Workers

Many wind and solar developers make big promises about the use of local labor on new projects, but they ultimately fail to prioritize local workers. Instead they rely on traveling workers from Texas and California.

The heavy reliance on non-local workers is causing North Dakota workers and communities to miss out on good work opportunities and hundreds of millions of dollars in lost investment.

Over the last few years I've conducted extensive research into the socioeconomic impacts of the use of local versus non-local workers on wind farm projects in both Minnesota and North Dakota.

In 2019, I authored a report on the socioeconomic impacts of local versus non-local labor on nine major wind farm projects that were either seeking permits or in the pre-construction phase across North Dakota at the time.

I have attached this report as part of my written testimony.

In the report I found the following:

- As of 2019, non-local construction workers accounted for an estimated 86% of construction workers on major wind energy projects, while local workers accounted for just 14%.
- A local construction worker could be expected to spend roughly three times more locally than a non-local worker over the short-term (\$52,000 versus \$16,000).
- If 50% to 70% of work on all nine projects were performed by local workers, the total projected economic impact of wind farm construction employment, including the value of deferred fringe benefits, would fall between \$170 million and \$210 million.
- If just 10% to 30% of the work were performed by local workers, the total projected economic impact would be reduced by over \$80 million to between \$87 million and \$127 million.
- As of 2019, we estimated that shifting to greater reliance on local workers could generate an estimated \$14.9 million per year in additional local economic activity.

The reliance on non-local workers is costly. In more recent research, I've detailed how North Dakota workers account for less than 10% of workers on two wind farm projects currently under construction. This at a time when thousands of North Dakota construction workers are out of work due the COVID-19 induced economic crisis. This low level of local workforce utilization stands in sharp contrast to projects like Sunflower Wind that used a majority local workers.

Is it possible to build wind farm projects with a majority local workforce? Absolutely. We've seen it before and now more than ever we have thousands of construction workers eager for work.

Solution: Workforce Transparency

We've found that one of the best ways to incentivize the use of local labor is to ensure greater transparency through the permitting process. Almost every major wind developer will make big promises of local workforce utilization as they are trying to build public support for a project, but as soon as permits are secured, they often rely on traveling crews and put little effort into local recruitment. Workforce reporting provides critical transparency, which allows the public to hold renewable energy developers accountable to the promises they make to local communities.

Minnesota workers and communities faced a similar problem a few years ago. Between 2017 and 2018, building trades organizations estimated that fewer than 20% of workers on construction jobs on large Minnesota wind energy projects were local workers.

One of the steps taken to address this issue was to include workforce reporting as part of the permitting process through the Minnesota Public Utilities Commission (MNPUC). Today, the MNPUC requires wind energy project owners to file quarterly reports on the use of local and non-local labor and considers local job impacts when permitting wind energy facilities.

The new emphasis on local workers is paying dividends. In 2019, local residents accounted for over 50% of the wind energy construction workforce, and the share of local workers has only increased since then.

Like Minnesota, North Dakota has skilled local construction workers and workforce organizations that are capable of recruiting, training, and deploying new workers through registered apprenticeship programs. There is no reason North Dakota workers shouldn't enjoy the same opportunities that are being provided to workers across the Red River Valley.

SB 2301 would help to ensure that local workers and local communities benefit from new clean energy projects.

Thank you for your time.