



THE EXPENSIVE, ELUSIVE GREEN JOB

Diana Furchtgott-Roth
Senior Fellow

The Obama administration has directed billions of taxpayer dollars toward programs intended to accelerate the development of a “green” economy centered on renewable energy, pollution reduction, and conservation. Such spending is a waste of government funds at a time when the federal government is running annual deficits of over a trillion dollars. The 3.1 million green jobs that have been created are primarily preexisting jobs that have been reclassified as green, and at a very high cost per worker.

What exactly is a “green job?” As we have seen from recent figures on job creation, averaging just 75,000 per month in the second quarter of 2012, creating new jobs is hard work. It is far easier to simply redefine an existing job as a “green job” than it is to create an actual new job.

The Bureau of Labor Statistics (BLS) at the Department of Labor is responsible for defining green jobs under Title X of the Energy Independence and Security Act of 2007, signed into law by President George W. Bush. The bill authorized funding for green-collar job training, including retrofitting buildings, installing solar panels and setting up wind farms, and building energy efficient buildings.

The bill authorized funds for states to offer grants for labor management training programs and apprenticeships, in order to coordinate green jobs programs with union officials.¹ Other sections contained incentives for construction of green buildings, with particular reference to federal buildings.²

BLS decides which jobs are green. Sometimes these jobs qualify for tax preferences or subsidies. For example, our transportation policy is based on green jobs, with 20 percent of Highway Trust Funds reserved for mass transit. Tax subsidies are given to electric vehicles, both for companies to produce them and Americans to buy them.

BLS has defined green jobs either as “jobs in businesses that produce goods or provide services that benefit the environment or conserve natural resources,” or as “jobs in which workers’ duties involve making their establishment’s production processes more environmentally friendly or use fewer natural resources.”³

Included are long lists of potential jobs that might qualify. Energy from renewable sources makes the list. This includes wind, biomass, geothermal, and solar. The manufacture of energy efficient products, and those that pertain to pollution reduction and recycling, are also counted as green. Jobs in conservation qualify, such as organic farming and land and water management.

BLS has compiled a detailed list of 333 industries that can be classified as green. Many jobs in those industries qualify as green jobs and those who are employed in those industries can be counted as “green workers.”⁴

In order for the firms in that industry to be considered “green” they have to fall into one of five groups, namely (1) Energy from Renewable Sources, (2) Energy Efficiency, (3) Pollution Reduction and Removal, (4) Natural Resources Conservation, (5) Environmental Compliance, Education, and Training and Public Awareness. BLS describes examples of work that people in the particular industries could be performing to be classified as “green workers.”

In agriculture, for instance, one of the major categories of workers is organic farmers and growers, whose workers are credited with accomplishing both natural resource conservation and creating energy from renewable sources. The biggest economic contributor from this category is likely to be producers of corn. When a farmer produces corn to eat this is not counted as a green job. But when he produces it for ethanol—the Department of Agriculture estimates that for the 2010/2011 marketing year 45 percent of the U.S. corn crop was used for ethanol—according to government he has a green job.⁵

What if the farmer produces some corn to eat, and other corn to make ethanol, as countless corn producers do? By Agriculture Department definitions, the farmer has a green job. As long as the farmer sells at least some corn to ethanol producers, he has a green job.

Perversely, a farmer who grows hundreds of acres of corn to feed Americans or starving people around the world cannot be labeled a green worker. But if she were to sell some corn to a processor to produce ethanol to fuel a Cadillac SUV, she would be a green worker.

Organic producers of fruits and vegetables count as green jobs, but owners of large farms do not. Unlike most green workers, many organic farmers are low-paid and unskilled. Measurement of the workers in this area is imprecise, since farming is a seasonal workforce with highly varying annual demand. Similarly, businesses that purchase locally produced food are considered green—but not if they import food from other countries.⁶

What if a business sells some locally-produced food, and some from overseas? Just as with corn producers, if even a few workers are engaged in selling local produce then the business can count itself as green. Calculations do not include self-employed workers, however. Hence, if an employee of a green farm strikes out on his own, and becomes self-employed, then a green job is lost—even if he is selling organic produce.⁷

With farming, it is possible to calculate the percentage of employment that is dedicated to ethanol or organic produce, but in other areas the numbers are not so clear. One example is “wood chips used for biomass.” How many workers are employed in the timber industry to create wood chips? Wood chips are largely a byproduct of milling, and milling is not considered a green job. Yet if companies sell the wood chips for biomass they become green, according to Labor Department definitions.

Electricity production is another murky area. Wind and solar installation, maintenance, and operation are clearly green. But what about increasing the efficiency of a power plant that uses fossil fuels such as oil, coal, or natural gas? After all, since the introduction of electricity, its production has been getting gradually more efficient as new technology replaces old.

Those energy efficiency operations that qualify as green jobs include construction of Leadership in Energy and Environmental Design (LEED) certified structures, installation of energy efficient windows, and manufacturing and repairing Energy Star appliances. LEED certifications, granted by the U.S. Green Building Council, a nonprofit organization,⁸ and Energy Star certifications granted by the Environmental

Protection Agency and the Department of Energy,⁹ are national standards.

It is puzzling to say that a construction worker is doing a different job when he installs a gas insulated window rather than a traditional pane window. Installing a “Lo-Flo” toilet is a green job, but installing a regular toilet is just plumbing.¹⁰ Like many of the workers the government is trying to capture in its green job accounting, these workers would still be needed, even if there was no concept of a green economy. The difference is the Labor Department may provide funding for “retraining” workers to install the “Lo-Flo” toilet.

Public transportation is another area with a baffling set of criteria for qualifying as a green worker. Buses and trains are included, but not taxis. In many cases, however, building and operating a rail line uses more energy than buses do. And in other cases it makes more sense to take a taxi than a bus. Further, if rail service is green, should not planes be included? The carbon emissions of planes per mile travelled are substantially less per mile of travel than those of cars.¹¹

Many industries in the federal government’s green categories border on the absurd. Table 1 shows a few examples.

Table 1: Industries where Green Goods and Services are Classified

NAICS 2007	Title	Examples
712110	Museums	Environment and science museums
712130	Zoos and botanical gardens	Botanical gardens, zoos
551114	Managing offices	Headquarters for environment-related companies
541810	Advertising agencies	Environmental advertising for public awareness
541820	Public relations agencies	Environmental public relations for awareness
541922	Commercial photography	Environmental photography
523130	Commodity contracts dealing	Emissions allowance trading
523140	Commodity contracts brokerage	Emissions allowance trading
523210	Securities and commodity exchanges	Emissions allowance trading
515120	Television broadcasting	Environmental content for TV broadcasting
515210	Cable and other subscription programming	Environmental content for cable distribution
519110	News syndicates	Environmental news media
511130	Book publishers	Environmental or training books/manuals
511140	Directory and mailing list publishers	Industry association directories or mailing lists
511199	All other publishers	Environmental or association calendars, etc

August 24, 2010. Source: Bureau of Labor Statistics: Industries where Green Goods and Services are Classified. http://www.bls.gov/green/final_green_def_8242010_pub.pdf

People who work in museums have green jobs, but only in environment and science museums. A job in an art gallery is not a green job. The securities and commodity exchange industry counts as green—but only for emissions allowance trading. News syndicates are green—as long as they publish environmental media. Book publishers are green, if they issue environmental books or training manuals. Perhaps this report qualifies as environmental content, since it is about green jobs.

It is not clear why the federal government needs to make these distinctions between green jobs and other jobs. It might be less expensive for someone in the environmental movement to manage the classification system the way private Jewish religious organizations decide which foods can carry a kosher certification, then individuals decide which foods they want to purchase. This would mean that the green jobs movement could proceed without imposing the cost on the federal government.

The green job designations have more psychological than economic effects. These labels are unlikely to change the behavior of businesses or consumers—although they do serve an advertising and public relations function. Businesses want to be more efficient to cut their costs. Consumers do the same, seeking products to help them reduce their fuel bills.

The entire exercise is an attempt to justify government initiatives, while in practice doing nothing to make America more efficient. The sector that has gained jobs is the federal bureaucracy, with taxpayer funds used for workers who create memos and manuals. This does not help to contribute to any of the major goals of green jobs outlined by the Bureau of Labor Statistics.

U.S. Expenditures on Green Jobs

Green jobs may not be different, but they are costly. The United States provides many benefits for green products. The American Recovery and Reinvestment

Act of 2009, known as the stimulus bill, provided many grants to companies. One for example, was Solazyme, Inc., which received \$21.8 million to develop algae fuels as a substitute for gas.¹²

In a speech at the University of Miami on February 23, 2012, President Obama endorsed the idea. “We’re making new investments in the development of gasoline and diesel and jet fuel that’s actually made from a plant-like substance—algae.” The president said, “Believe it or not, we could replace up to 17 percent of the oil we import for transportation with this fuel that we can grow right here in the United States.”¹³

In addition to Department of Energy loan funding, solar, wind, and other renewables manufacturers enjoy a number of tax preferences. On January 8, 2010 the Obama administration announced it had awarded \$2.3 billion in Recovery Act Advanced Manufacturing Tax Credits to “clean” manufacturers, which were to produce over 17,000 jobs. The 183 projects supported included solar and wind energy, building efficiency and energy management, and smart grid technologies.

In addition to producer tax credits, in 2009 the federal government also began offering consumers tax credits up to \$7,500 for purchasing electric plug-in cars.¹⁴ Despite this advantage, the success of American electric car sales was underwhelming. Chevy’s electric car, the Volt, had a tendency to catch fire. The plug-in hybrid car’s batteries apparently burst into flames after some government crash tests. In March 2012, a five-week suspension of the Volt’s production was announced in reaction to low sales numbers. Meanwhile, within the same week Chrysler and General Motors announced plans to produce pick-up trucks with dual fuel tanks, capable of running on both natural gas and gasoline.

The stimulus bill provided the Department of Labor’s Employment and Training Administration (ETA) with \$500 million for grants in research and training for green jobs.

The ETA's definition of green jobs was "jobs associated with products and services that use renewable energy resources, reduce pollution, and conserve natural resources." Grants were issued through the Energy Training Partnership, Pathways Out of Poverty, and State Energy Sector Partnership.

At a hearing on November 2, 2011, before a House Oversight and Government Reform subcommittee, the inspector general of the Energy Department and an assistant inspector general of the Labor Department testified that funds authorized by Congress to create green jobs had not been spent or, if spent, had yielded meager results.

Elliot Lewis, the Labor Department's assistant inspector general for audit, testified that an audit of the Department's green jobs training program showed that only 2.5 percent of individuals originally enrolled were still employed in the jobs for which they were trained six months after the start of their job.¹⁵ Whether they had gone on to other jobs, green or otherwise, or become unemployed, the Department's tracking system did not say.

Gregory Friedman, inspector general of the Energy Department, testified that as of late October, 45 percent of funds appropriated by the 2009 American Reinvestment and Recovery Act (the stimulus bill) for green energy had not been spent, because few "shovel ready" projects existed.

The testimony of the two inspectors general shows why green jobs programs have not succeeded in increasing employment. Instead, government money is either wasted or unspent.

Take the green jobs training sponsored by the Labor Department's Employment and Training Administration. As of June 30, ETA had awarded \$490 million of the \$500 million provided by Congress for the program. The funds were awarded to state workforce agencies, community colleges, and nonprofits. Green jobs were defined as those "associated with products

and services that use renewable energy resources, reduce pollution, and conserve natural resources."

ETA money trained some workers in green jobs such as hybrid- and electric-car auto mechanics, weatherization of buildings, and solar panel installation. Other workers received job referrals, training in basic workforce readiness skills, and credentials and support services to overcome employment barriers.

Yet, almost three years after Congress passed the Recovery Act, grantees had spent only \$257.3 million, about half of the funds earmarked for them. Elliot Lewis's testimony showed that as of June 30, 2011, out of 53,000 people who were served by the ETA programs, 47,000 enrolled in training. Of them, 26,000 completed training, and 8,000 found jobs.

On April 2, 2012, in response to a request from Iowa Senator Chuck Grassley, a Republican, ETA Assistant Secretary Jane Oates provided updated outcomes and expenditures data through December 31, 2011. Ms. Oates's data showed that 8,400 found new jobs by June 30, 2011, and of them, 5,400 were employed six months later on December 31, 2011.¹⁶ In other words, of the 53,000 who had participated by the end of the second quarter of 2011, 5,400 were still employed in their new positions by the end of the fourth quarter of 2011, or 10.2 percent.

By December 31, 2011, combined expenditures of the Energy Training Partnership, Pathways Out of Poverty, and State Energy Sector Partnership totaled \$257.3 million, or \$47,754 per new job retained more than 6 months. The number employed by the green jobs program is less than 8 percent of ETA's target of 69,717. Another \$243 million is left unspent. The program does not appear to be on track. In its defense, Assistant Secretary Oates told the House Government Reform and Oversight Committee on June 6, 2012, "Many of these grants have ongoing training activity, with some of the programs not finishing until 2013. As the economy continues to strengthen and growth industries emerge, we have

encouraged grantees to modify training plans and curricula to meet the needs of local green energy employers.”¹⁷ But this appears unlikely.

The Energy Department had similar problems spending its recovery funds. Out of the Energy Efficiency and Conservation Block Grant Program, almost a third, or \$879 million, had not been spent as of March 31, two years after enactment. In Energy Delivery and Energy Reliability, \$2.6 billion, or 57 percent, was unspent.

The Energy Department reported that when the funds were spent, the work was often of poor quality. In one state audit, nine out of 17 weatherized homes failed inspection due to substandard workmanship. One subcontractor gave preference to relatives and employees, even though the target population was elderly and handicapped residents.

Friedman said, with regard to weatherization programs, “The main abuses were charging for work that wasn’t completed or done at all, abusing priority sequence, premiums for things that could have been gotten for a lower cost.” He explained that state and local governments were unprepared to receive the grants. “Not to make light of a serious situation, but it was like attaching a lawn hose to a fire hydrant,” he said. “The governments were overwhelmed.”

It is not only agency inspector generals who found that stimulus funds did not create jobs. In a series of reports entitled “Green Jobs Created or Saved by the Recovery Act,” the Council of State Governments (CSG) came to the same conclusion. During the first two quarters of stimulus (July to December 2009), and the sixth quarter (October through December of 2009), CSG concluded that the Department of Labor Programs created 1,365 jobs. This is almost identical to the assistant inspectors general report of 1,366 jobs

created in the entirety of the stimulus program up until June 20, 2011.

Conclusion

Green jobs are sometimes eligible for government subsidies giving them an advantage over other jobs. Yet green jobs often are not economically viable. They are frequently a waste of taxpayer resources and a drain on the federal budget.

For several years the public has been told that “green energy”—an expansive term that embraces renewable energy, pollution reduction, and conservation—will create lots of jobs in America. And that the federal government must subsidize green energy to create these jobs.

But no one knows what green jobs are.

Neither the federal government nor state governments can agree on the function or characteristics of a green job, although so many people seem to want them. Some green jobs, such as home insulators, have been around for decades and are simply being renamed as green jobs. Other jobs, such as manufacturing electric vehicles, are green jobs, but come at the expense of other auto industry jobs. Jobs in clean coal production are green jobs, but jobs in coal mining are not.

Not only is there no clear federal definition of a green job, but states have their own definitions. This means that federal grants to states to create green jobs don’t produce useful results.

America has not succeeded in creating many green jobs. Instead, federal and state governments are relabeling traditional jobs in an attempt to convince themselves and the public that green jobs exist.

Diana Furchtgott-Roth is the author of Regulating to Disaster: How Green Jobs Policies Are Damaging America’s Economy (Encounter Books, August 2012).

ENDNOTES

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