Increasing Access to High Road Jobs Through Contractor Support in the Residential Building Decarbonization Sector

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ABSTRACT

As building decarbonization programs continue to scale across California, many jurisdictions are pairing climate investments with workforce and labor standards, such as prevailing wages and benefits, to improve job quality and equity. However, small, Black Indigenous People of Color (BIPOC) women and disadvantaged contracting businesses[1] often face structural barriers that limit their participation. To address this gap, the Contractor Supports Resource Guide and Plan (Guide) was developed by the Bay Area Residential Decarbonization High Road Training Partnership (HRTP), led by Rising Sun Center for Opportunity. This resource was created over two years (2024–26) using an applied, stakeholder-informed methodology, drawing on input from union and non-union contractors, workforce and labor partners, technical assistance providers, and public agencies across the Bay Area of California.

The guide highlights an extensive existing contractor support network in the 9-County Bay Area and identifies key barriers that limit equitable contractor participation in publicly funded residential building decarbonization programs. It provides actionable recommendations for policymakers, program administrators, and implementers to integrate contractor support into program design that advances inclusive and equitable economic opportunity. The Guide seeks to inform regional and state-level policy design that empowers contractors to meet labor standards, strengthen workforce equity, and grow resilient, high-quality contracting businesses. Equitable workforce participation and High Road job quality are intertwined, and investing in contractor support is essential to expanding access to good jobs, improving building performance, and ensuring the clean energy transition delivers opportunity for all.

Introduction

California's commitment to achieve carbon neutrality by 2045, alongside public investments, is spurring policies that increasingly prioritize transitioning existing residential buildings off fossil fuels to reduce emissions and mitigate the effects of climate change (CARB, 2022). In California, residential and non-residential buildings are responsible for roughly 37% of global greenhouse gas (GHG) emissions (CARB, 2022), with 14.5 million of these buildings being residential (Jones et al. 2019). In the United States, roughly 20% of US energy-related GHG emissions come from heating, cooling, and powering households (Goldstein et al. 2020). As such, this residential decarbonization work will necessitate a robust workforce. However, while the construction industry is perceived as offering competitive wages and benefits, the current residential construction industry is largely defined by 'low-road' practices, including low wages, limited worker benefits, and low rates of worker organizing. On average, residential construction workers earn 33% less per year than non-residential construction workers (Littlehale, 2019). Without intentional intervention, the growth of the building decarbonization

[1] For the purposes of this research paper, small, BIPOC, women-led and disadvantaged contractors will be referred to as "small contractors".

market could entrench an industry that exacerbates poverty and economic inequity in our region, unless we take coordinated action to elevate the residential decarbonization industry's standards. Creating High Road labor standards that mandate wage floors and benefit levels in the residential decarbonization industry can ensure that these investments improve job quality rather than reinforce labor practices that undermine workers' well-being (Thomason et al. 2024).

Good Wages and Benefits are a 5-Way Win

Climate advocates are rightly focused on deploying these building decarbonization investments as quickly and broadly as possible to meet emissions reduction targets by 2045. At the same time, some stakeholders have raised concerns that incorporating High Road labor standards into residential decarbonization programs could significantly increase project costs, potentially limiting the number of homes served and slowing overall emissions reductions. However, there is limited empirical research examining whether this perceived trade-off between climate impact and job quality exists. Understanding whether High Road labor standards meaningfully affect program scale, cost-effectiveness, and long-term outcomes is essential to designing initiatives that advance both climate and workforce goals.

To fill that gap and explore the potential impacts of adopting labor standards for the residential building decarbonization industry, research was commissioned by the Bay Area High Road Training Partnership (HRTP). Through its research, Movement Economics found that subsidizing High Road jobs with good wages and benefits is a 5-way win: it benefits workers, employers, taxpayers, the economy, and the climate. California has a notoriously high cost of living, and we need skilled decarbonization workers who can afford to live here to keep their skills local.

High Road Job Quality Labor Standards

To uphold a vision of High Road job quality and equitable job access in the emerging residential building decarbonization industry, the Bay Area Residential Decarbonization HRTP crafted and published a Job Quality and Labor Standards Toolkit in 2024 for implementing High Road labor standards (or other creative policy and program designs to create "good" careers), in publicly funded or subsidized residential building decarbonization programs in various regions.[2] The Partnership recommends using High Road labor standards to improve job quality and equitable access to jobs for contractors and workers as public funding increasingly drives efforts to reduce greenhouse gas emissions from buildings. By pairing these climate initiatives with High Road job quality standards, we aim to support the creation and expansion of high-quality jobs that not only meet the pressing demands of environmental sustainability but also offer stable, sustaining, and equitable career opportunities for priority workers.

The Partnership recommends required or incentivized labor standards in each of the following categories:

- Fair Wages and Benefits, including wages, healthcare, and retirement benefits
- Regional and Targeted Hire
- Compliance and Accountability

[2] According to California State Labor Code, "High Road" means a set of economic and workforce development strategies to achieve economic growth, economic equity, shared prosperity and a clean environment.

- Training, Certification, and Career Advancement (Rising Sun Center for Opportunity, 2024)

Contractor Supports Resource Guide/Plan for Equitable Decarbonization

As publicly funded residential building decarbonization programs continue to scale and pair climate investments with workforce and labor standards, we must ensure that this green transition is truly equitable for all contractors. Due to histories of exclusion and ongoing barriers the economic system presents to small contractors, these barriers can limit their ability to participate in programs that *do* incorporate High Road labor standards. Nationally, 68.19% of construction businesses have less than 5 employees (Sumra, 2025), 44.3% of the construction industry workforce is BIPOC (USBLS, 2026), and only 4.3% of all construction trades workers are women (Hegewisch, 2025). Providing support to disadvantaged contractors is essential to the equitable implementation of labor standards.

To create a more inclusive program for disadvantaged contractors, we recommend in our Job Quality & Labor Standards Toolkit to allow contractors to "pre-qualify" for the program if they commit to meeting labor standards by the time construction starts, even if they do not currently meet the standards, and then provide support to them so they can implement the full set of standards by the first day of construction. These contractor supports should be built into the program design, ideally facilitated by the Program Implementer or Administrator, who provides direct support to contractors and/or refers them to the suite of available services in the region, as appropriate. As a result of this collective recommendation, the Guide was created to identify and highlight organizations across the 9-County Bay Area of California and beyond that provide contractor support. The Guide provides both existing support resources and recommendations for ensuring equitable participation in these programs, separated into 4 categories identified by our partners and contractor advisors as most important to ensure equitable participation:

- Access to Cash-Flow Financing
- Business Management Support
- Continued Technical Education
- Access to Benefits and Insurance

The audiences for this resource are twofold: Firstly, it intends to equip Contractor Support Organizations and contractors with knowledge of the existing landscape, and, secondly, to equip Policymakers, Program Implementers and Administrators with the information and recommendations to equitably embed contractor supports into the design of their publicly funded decarbonization programs. The organizations identified in the Guide are also intended to be accessible to small contractors in the field. To ensure this information is easily accessible to contractors, we have created 1-page, category-specific PDFs that contractor support organizations, as well as program implementers and administrators, can distribute to their contractor networks. These PDFs include a link to an easily navigable and accessible Airtable resource where those contractors can filter organizations by category, county, and accessibility (which is a support for union contractors only).[3]

[3] The printable category-specific PDFs are available through Canva here to print as flyers or share via email for dissemination to contractor networks. The Resource Guide Airtable, which lists contractor support organizations by category, geographical reach, and union specificity is available here.

This report and accompanying resources were created through a two-year, stakeholder-informed research process that engaged union and non-union contractors, workforce partners, technical assistance providers, and program administrators across California. Through interviews, facilitated discussions, and collaborative working sessions with over 15 union and non-union contractors and over 22 program administrators, workforce partners, and technical assistance providers across California, along with a review of existing contractor support and workforce-aligned decarbonization models, the Rising Sun policy team identified an extensive existing contractor support network in the 9-County Bay Area of California. Key barriers that limit equitable contractor participation in publicly funded residential building decarbonization programs were also identified through this research.

To ensure equitable contractor participation, we recommend that policymakers, program implementers, and Administrators leverage the work of existing organizations that provide essential contractor support, actively refer contractors to these organizations, and provide additional resources to fill identified gaps in the support ecosystem. When designing publicly funded decarbonization programs, consider adopting a wide range of strategies to ensure equitable participation by disadvantaged contractors while upholding High Road labor standards.

Key Recommendations for Policymakers, Program Implementers, and Administrators[4]

These recommendations are key strategies corresponding to the 4 identified contractor support categories that these audiences should consider embedding into the design of their decarbonization programs. Audiences should consider leveraging existing organizations that offer contractor support to fill gaps in the current support landscape not currently covered by existing organizations. Some of the recommendations for Policymakers, Program Administrators, and Program Implementers will require additional financial resources. However, **our primary, no-cost recommendation** is to use this Plan to refer contractors to existing resources for support in creating and sustaining high-quality jobs.

Key Recommendations for Policymakers

1. ***Collaboration and Systems Change***

- Support the development of contractor support hubs or regional technical assistance centers that coordinate services and direct contractors to a tailored suite of providers.
  - *To ensure that Contractors are ready to participate in the electrification transition and public decarb programs, sponsor a contractor concierge service to coordinate support regionally.*
- Advocate for aligned and streamlined administrative processes across programs to lighten the administrative time and cost burden of stacking funds

2. ***Budgeting and Funding Allocation***

- Ensure adequate funds are set aside in decarbonization program budgets to embed contractor support into the design of a program.

[4] To view all key recommendations in table format by category, target audience (policymaker, program implementer/administrator), and whether they require funding vs coordination, please view this resource.

    - *Establish a minimum percentage of funds to be set aside to directly support disadvantaged contractors.*
- Provide multi-year funding to ensure consistent, predictable program funds for Program Administrators to plan around and high-quality decarbonization work.

3. Policy and Program Design

- Integrate equity and contractor support outcomes into local or state legislation and program design (e.g. program should set a target and measure participation of contractors that identify as a disadvantaged business enterprise and are High Road)[5]
    - *Participation is constrained by "readiness" factors such as liquidity, administrative capacity, and workforce hiring ability. To ensure contractor participation once equity goals are defined, policymakers should pair equity targets with a structured Contractor Readiness and Market Stability Assessment.*
- Ensure metrics and accountability measures are tracked related to contractor participation, workforce diversity, onboarding-to-dropout rates, time-to-payment, administrative hours per project, and cash-flow strain signals.
- Require and facilitate Program Administrator/Implementer coordination across programs to support Contractors to braid funds with greater administrative ease.
    - *Braided funding can introduce cumulative administrative burden (administrative stacking). To mitigate this, evaluate the total administrative load across funding streams to ensure it remains within contractor capacity.*

4. Contractor Readiness Assessment as a Prerequisite to Program Finalization

- Prior to finalizing program requirements or enforcement timelines, program administrators and implementers should conduct a structured contractor readiness assessment to ensure that policy objectives are aligned with contractor capacity and real-world implementation conditions. This assessment should evaluate:
    - *Liquidity Alignment (payment timing, working capital exposure, workforce absorption capacity)*
    - *Administrative Load Tolerance*
    - *Procurement Accessibility*
    - *Timeline-to-Readiness Alignment*
- If readiness gaps are identified, compensatory mechanisms – such as mobilization advances, accelerated payment cycles, administrative simplification, phased compliance, or procurement adjustments – should be implemented prior to enforcement. This approach ensures that contractor participation expectations are aligned with market capacity and helps protect program outcomes.

5. Oversight and Accountability

- Require annual or quarterly reports from Program Administrators/Implementers on contractor participation and contractor support outcomes

[5] Per the Bay Area High Road Training Partnership's High Road Labor Standards, it is recommended that programs should measure and evaluate if no less than 20% of revenue in a publicly funded decarbonization program is earned by contracting businesses and sub-contractors that are owned by socially and economically disadvantaged individuals.

    - e.g. from Q1 to Q4, was there an increase in disadvantaged contractor participation in the program?
- Consider requiring advisory boards or working groups that involve past, present, and interested contractors, local workforce groups, contractor support CBOs, etc., to provide feedback on barriers to participation, contractor support needs, and successes.

Recommendations for Program Implementers and Administrators

6. ***Fund and facilitate connections to organizations and entities that provide existing contractor supports***

- Invest in and partner with entities, such as Small Business Development Centers and community-based organizations, that provide tailored assistance for small contractors to help with barriers such as licensing, permitting, insurance, compliance, citation remediation, business planning, accounting, payroll, Human Resources (HR) services, capital access, scaling operations, and crafting bid/Request for Proposal (RFP) responses. Provide a list of contractor support service organizations to contractors.[6]
    - *Create and require surveys for contractors who are applying to a publicly funded decarbonization program that indicate their interest in subsidized support to determine their need and eligibility to access contractor support services. Offer a list of vetted programs. See the City of Berkeley's Case Study below for more information.*

Key recommendation: access to cash-flow financing

Contractors in the decarbonization field commonly report that access to low-cost, equitable cash-flow financing, lines of credit, and/or favorable payment terms is essential to sustain their businesses and maintain High Road wages and benefits. Many small contractors face systemic barriers to traditional financing. Linking these contractors to accessible forms of cash-flow financing and ensuring public programs adopt contractor-friendly payment structures, such as partial upfront payments, payment within 30 days, or direct equipment purchasing, can help relieve financial strain and enable greater participation. Strengthening access to financing and addressing cash-flow constraints allows these businesses to compete for and complete publicly funded decarbonization projects, build internal capacity, create more High Road jobs, and contribute to an equitable clean energy transition.

The following recommendations outline how leaders can utilize existing resources in this section and fill the remaining gaps to strengthen equitable access to cash-flow financing:

7. ***Integrate Funding Mechanisms that Support Small and Disadvantaged Contractors to Create High Road Jobs***

- Design and create decarbonization programs to allow sufficient funding for contractors to pay prevailing wages and benefits, procure necessary insurance packages, and grow their businesses sustainably by increasing funding per project by 3-9%.[7]

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[6] This list can be found in the Contractor Supports Resource Guide/Plan in the Contractor Supports Resource Guide Section on page 25.

[7] As stated previously, research conducted by Movement Economics on behalf of the Bay Area Residential Decarbonization HRTP highlighted that a wage and benefits standard would only increase residential

- Program Administrators should aim to provide up-front payments (a percentage of the total contract before work begins) and timely progress payments to participating contractors to support consistent contractor cash flow. Ensure that final payments are made within 30 days of project completion to ease the cash-flow burden on small contracting businesses.
    - *The City of Berkeley's Just Transition Pilot Program Example: This program is funded by reimbursement for administration and funded in advance for the implementation. Payments are made in phases based on the completion of the work. Contractors receive $1,000 upon signing the aggregated scope and then receive percentage-based payments as the scope is executed. They receive the final 10% when the permits close. This process ensures that work is completed promptly and that contractors are paid substantially throughout the program timeline.*
    - *BayREN Bay Area Multifamily Building Enhancements (BAMBE) Program Example: BAMBE offers up-front rebate payments (called progress payments) that provide optional financial support totaling no more than 25% of total rebate amount if the property owner requests financial assistance. 25% of the incentive would be released at the Pre-Installation Stage, and the remaining 75% would be released after the Post-Installation Site Visit is completed and the Rebate Claim is approved.*

8. Reduce Immediate Financial Burdens on Contractors

- In rebate and incentive programs, ensure that contractors receive the rebate as soon as possible so that they do not need to find bridge financing to fill cash flow gaps until the rebate is paid out.
- Consider directly paying for key decarbonization equipment, such as heat pump water heaters, induction stoves, or HVAC systems, to minimize the upfront costs borne by contractors.
    - *This is particularly suitable for direct installation programs but is feasible for a range of local program structures.*
    - *Association for Energy Affordability - Bay Area Healthy Homes Initiative Program Example: In this program, AEA provided the appropriate equipment for the scope of work. By doing so, they were able to reduce the markup and mitigate cash outlay for participating contractors. For Heating, Ventilation, and Air Conditioning equipment, contractors could have AEA purchase the equipment or purchase it from their preferred suppliers if the heat pump cost falls within the program's cost controls.*
- Organize bulk procurement agreements with manufacturers to reduce equipment costs through economies of scale.

9. Facilitate Connections to Organizations and Entities that Provide Contractor Cash-Flow Supports

decarbonization project costs between 3-9%. This percentage range is after accounting for productivity gains as the result of increased compensation and the proportion of operating costs that go to labor expenses, and the proportion of increased costs that we expect would be passed on to consumers. The Partnership recommends that additional project costs be paid for by additional public subsidies.

- Establish partnerships with alternative financing organizations listed in the cash flow financing resource section, including community development financial institutions (CDFIs), local credit unions, and green banks that align with your program's goals. Program Administrators and Implementers can expand upon this list and connect small contractors with these organizations.
- Program Implementers should also partner with organizations that specialize in the loan application process and provide technical assistance for loan repayment to help contractors navigate the financing process and reduce administrative burdens.
    - *Some financing institutions provide this technical assistance in-house, including: US Goldman Sachs ' 10,000 Small Businesses Program and Pacific Community Ventures*

10. Pilot Direct Union Partnership Models to Deliver Contractor Incentives

- Consider piloting Direct Union Partnership models that leverage existing high-road labor infrastructure to deliver decarbonization incentives efficiently and equitably. Under this approach, public agencies partner directly with unions that already maintain networks of trained, signatory contractors and operate contractor rebate programs.
    - *By delivering incentives through this infrastructure, programs can reduce administrative complexity and costs, accelerate incentive delivery, and ensure that public funds support high-quality installations performed by skilled workers earning High Road wages and benefits. These partnerships also align electrification incentives with existing apprenticeship and workforce training systems, helping ensure that increased demand for decarbonization work translates into sustainable jobs and career pathways.*
    - *Direct Union Partnership models can also be coordinated with direct install programs serving low-income customers – allowing agencies to leverage shared contractor networks, align workforce pipelines and deliver complementary services to households that need them most. This coordination reduces duplication, strengthens program reach, and ensures that low-income communities benefit from both no-cost installations and the High Road jobs that come with them.*

Key recommendations: business management support

Many contractors in the decarbonization field are highly skilled in their trade but lack the time, training, and financial resources to manage the administrative demands of running and growing their businesses. Tasks such as navigating licensing, permitting, complex bidding processes, accounting, invoicing, HR, and compliance and reporting requirements have been identified as critical areas where small contractors need additional support. As these businesses expand and take on more complex projects, their need for experienced, consistent back-office assistance and business management training only increases. Embedding business management support directly into the design of a decarbonization program can help level the playing field by equipping these contractors with the administrative infrastructure, technical expertise, and guidance needed to compete for and successfully deliver publicly funded projects. Policymakers and program administrators can advance equity in decarbonization investments by funding and coordinating these supports as integral components of program design and implementation. Implementing the following strategies will help ensure that small contractors can access opportunities in the clean energy transition and are positioned as key partners in delivering holistic, high-quality decarbonization outcomes.

The following are key recommendations for integrating these supports effectively:

11. Integrate Business Management Supports as Core Program Infrastructure

- Treat business management support services, such as assistance with licensing, program reporting, permitting, bidding, accounting, invoicing, incentive applications, and financial literacy, as core program components.
- Structure supports aligning with program requirements for High Road practices, such as paying prevailing wages and providing employer-paid family health care and dental.
- Fund subsidized access to administrative, accounting, payroll, and HR services to reduce barriers for small contractors. Embed funding for these types of business management supports directly into decarbonization program design to ensure equitable contractor participation.
  - *Partner with vetted back-office support organizations that have a history of effectively assisting contractors with key business management needs.*
  - *City of Berkeley's Just Transition Pilot Program Example: City Program Administrators hired Program Implementers that provide contractors with technical assistance to prepare for submitting their RFQ application, comply with prevailing wage and benefits systems, and project permitting, amongst other contractor business management technical assistance needs.*

12. Facilitate Business Connections and Peer Networks

- Create opportunities for mentorship, partnerships, and subcontracting between small contractors and larger, more established contractors.
  - *Partner with organizations and intermediaries that facilitate those partnerships, like the Construction Resource Center and Emerald Cities Collaborative.*
- Consider budgeting for and creating a more in-depth mentor-protégé program for small contractors to partner with a contractor that has participated in a past decarbonization program.
  - *This support can allow small contractors to obtain targeted technical assistance from past contractors who have participated in similar programs, including Request for Proposals (RFP)/Request for Qualifications (RFQ) application coaching, rebate and reporting form assistance, insurance procurement advising, technical field training, etc.*
- Encourage peer learning and networking to help small contractors grow their business capacity and readiness for public projects.
  - *This could look like establishing regular contractor support working groups for participating contractors, Program Implementers, and guest speakers to attend to answer any technical assistance questions they may have, common paperwork or process assistance, networking opportunities, etc. Rising Sun Center for Opportunity has hosted regular communities of practice for contractors and program implementers in the Bay Area of California. These spaces enable knowledge sharing, peer learning, and strategizing among implementers and contractors in the decarbonization field.*

- *Partner with programs like the [Construction Resource Center](), [National Association of Minority Contractors](), [Emerald Cities Collaborative](), and the [Construction Trades Workforce Initiative]() to connect participating contractors to their existing peer learning groups and networks.*

13. Integrate Legal and Workplace Readiness Training

- Embed contractor education covering labor law, building codes, workplace safety, discrimination and harassment prevention, and hazardous materials handling into program participation requirements. These training offerings can be adjusted based on local building codes, environmental laws, local and state laws, and program requirements.
- Leverage existing curriculum from workforce agencies, state compliance organizations, and labor partners to avoid recreating materials and ensure training content reflects state and local compliance standards.

14. Provide Equity and Inclusion Tools and Technical Assistance

- Consider creating and offering model templates and sample policies that support equitable and inclusive business practices, such as:
  - *Workforce Diversity & Inclusion Plans with model goals and tracking processes*
  - *Safe and Respectful Jobsite Policy templates, including internal response procedures*
  - *Welcoming job description and fair chance hiring language*
  - *Model First Source Hiring Agreements with Designated Training Providers*
  - *Letter of Assent within a PLA: a document that legally binds all participating contractors - whether union signatory or non-signatory - to follow the terms and labor standards established in the PLA*
- Leverage existing frameworks and templates from state labor agencies, workforce partnerships, or previous decarbonization pilots to avoid recreating existing resources.

15. Provide Continued Business Development Education and Centralized Resources

- Embed ongoing training on business management, financial literacy, and backend operations within decarbonization programs, or partner with organizations to provide no-cost training to participating disadvantaged contractors.
- Develop or offer this centralized, publicly available resource guide that lists organizations offering consulting, training, and management support.
- Create or refer contractors to guides and processes on topics such as how to apply/submit RFP/RFQ's for decarb programs, how to remediate citations, how to secure the proper insurance, etc.
- Program Implementers should track and evaluate program effectiveness and incorporate feedback from participating small contractors to inform continuous improvement and accountability.

Key recommendations: continued technical education

Contractors have consistently emphasized that access to training on proper equipment installation, advanced energy efficiency, and building performance is essential for the growth of both their workers and their businesses. Opportunities for continued technical education allow contractors and their employees to perform electrification and decarbonization work with greater confidence and skill, while preparing them for broader career opportunities in the evolving decarbonization sector. Programs that incorporate mentor-protégé models and facilitate connections among contractors in similar fields provide additional avenues for shared learning, professional development, and peer advising. Training that addresses workforce conditions, equitable hiring practices, and inclusive workplace culture is also critical for the success and sustainability of small businesses. Programs that provide support, such as subsidies for training time and fees, "training grants" for entry-level workers, or continuing education credits to secure and maintain industry-recognized credentials, play a key role in making these opportunities accessible and cost-effective for small contractors.

The following are key recommendations for integrating these supports effectively into program design:

16. Fund and Facilitate Access to Continued Technical Education

- Leverage existing workforce development and training programs and refer contractors to those that offer ongoing electrification and energy efficiency training aligned with decarbonization goals.
    - *Provide a vetted and approved list of existing technical education programs/courses for participating contractors.*
- Support technical training on-the-job from experienced contractors.
    - *Consider providing in-house mentorship on electrification installations for small contractors who are starting in the decarbonization sector.*
    - *<u>San Francisco Environment's No-Cost HPWH Replacement Program Example</u>: Connect experienced decarbonization contractors with small contractors to shadow on decarbonization/electrification installations, receive feedback, ask questions, and make professional connections. Small, MWDBE contractors shadow at least one HPWH installation from an experienced Climate Equity Hub contractor as a part of their training and education on electrification installations. Mentorships like this open the door to honest, constructive feedback and advice from experienced contractors to newer contractors and can build professional connections in the decarbonization/electrification space.*
- Dedicate funding within program budgets for training and certification fees and paid release time so contractors and employees can participate in electrification and decarbonization technical training without losing income.
    - *Subsidies, certification fee coverage, and paid release time should only be offered to small contractors.*
        - *Examples of certifications that can be used to evaluate if contractors qualify for paid assistance to participate in electrification or energy efficiency trainings include: Small Business Enterprise (SBE), Disadvantaged Business Enterprise (DBE), Minority-Owned Business Enterprise (MBE), Local Business Enterprise (LBE), Women-Owned Business Enterprise (WBE), Veteran-Owned Business Enterprise (VBE),*

Disabled-Owned Business Enterprise (DSBE), and LGBTQ+ Owned Business Enterprise[8]

- Encourage continued electrification and decarbonization education offerings that are modular, flexible, and accessible, with options for evening or hybrid delivery formats to fit small business schedules.

17. Support Sales, Marketing, and Homeowner Communication Skills

- Fund and/or promote training for contractor sales and outreach staff on how to communicate the benefits of electrification and available rebates or incentives to homeowners, including calculating changes in operating costs. Leverage existing sales training via TECH Clean California and manufacturer training based on the electrification equipment that will be installed through the program.
    - *Consider utilizing technologies and platforms that simplify the rebate and incentive layering for contractors to share with homeowners, like Grecco for Trades and RockRabbit*
- Provide shared marketing materials or templates that contractors can adapt and share with customers, reducing the need for individual firms to develop their own sales and outreach resources.
    - *San Francisco Environment's No-Cost HPWH Replacement Program Example: This Program offers workshops and materials for contractors related to the benefits of electrification equipment that they can share with their customers.*

Key recommendations: accessing benefits and insurance

Ensuring equitable participation in publicly funded residential decarbonization programs requires addressing the structural barriers small contractors face in accessing essential business supports. Many contractors have expressed that one of the most difficult challenges when starting their careers and businesses is securing insurance and providing High Road benefits to their employees. Accessing healthcare and business insurance can be prohibitively expensive, particularly for contractors who are just entering the field. Programs should consider offering targeted subsidies or financial assistance to help qualified contractors provide compliant healthcare, High Road prevailing wages, and other essential benefits for a defined initial period.

Among the most critical supports identified by contractors are resources that help them provide retirement benefits and healthcare to their workers, access culturally and linguistically appropriate financial and wealth management guidance and navigate insurance procurement and compliance. Programs that embed these supports can level the playing field, enabling small, diverse contractors to compete effectively, operate sustainably, and adopt High Road business practices.

The following recommendations outline strategies for policymakers, program administrators, and implementers to integrate insurance and related financial supports:

18. Facilitate Access to Retirement Benefits

[8] While LGBTQ+ certifications do not count as a DBE characteristic, it is still important and should be considered on a per program basis.

- Refer contractors to sign up for CalSavers if they do not currently offer a qualified retirement plan for their employees.[9]
- Partner with organizations that provide technical assistance to contractors in offering retirement benefits to their workers.
    - Connect contractors and their workers with wealth management organizations that offer workshops or resources to help workers understand investment and retirement options, and retirement planning.
- Budget for technical assistance for small contractors that need help selecting, enrolling, and administering appropriate retirement plans for employees as part of their participation in publicly funded decarbonization programs.
- Promote culturally and linguistically accessible retirement planning resources for the workers of participating contractors.

19. Support Access to Health Insurance

- Facilitate technical assistance to small contractors to identify compliant healthcare plans for themselves and their employees.
- Provide or refer contractors to step-by-step guidance or advisory services on how to enroll in insurance plans.[10]

20. Offer Financial Assistance for High Road Benefits Costs

- Budget for the inclusion of subsidies or financing options in publicly funded decarbonization programs to help small contractors afford benefits packages during periods of financial need.
    - *To see if a small contractor is eligible for this type of support, Program Implementers can provide a survey to determine eligibility.*
- Leverage grant programs, low-interest loans, or lines of credit to support contractors becoming High Road compliant. Refer contractors to vetted CDFIs that offer grants, low-interest loans, and lines of credit.

21. Offer Financial Assistance for Insurance Costs

- Budget for the inclusion of subsidies or financing options in publicly funded decarbonization programs to help small contractors afford business insurance packages during the initial period of program participation.
    - *To see if a small contractor is eligible for this type of support, Program Implementers can provide a survey to determine eligibility.*
- Leverage grant programs, low-interest loans, or lines of credit to support contractors in becoming High Road compliant. Refer contractors to vetted Community Development Financial Institutions (CDFI's) that offer grants, low-interest loans, and lines of credit.
- Consider integrating High Road benefits navigation and support as part of contractor onboarding.

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[9] As of 2022, employers of businesses over 1 employee in the state of California are mandated to provide a qualified retirement plan to their employees through CalSavers or an alternative qualified retirement program.

[10] The Partnership's Toolkit on page 13 recommends a decarbonization program requirement that contractors provide a minimum equivalent of California Silver Level Coverage, paying at least 85% of the premium for full time employees, including at least 75% of the premium for family and dependents, if applicable. Vision and dental coverage should be required for the employee and dependents.

22. Facilitate Group Insurance Purchasing and Procurement

- Partner with and encourage contractor support organizations, such as NAMC or Construction Resource Center, to facilitate bulk purchasing or group insurance programs for contractors.
    - *Some union contractor associations help provide or facilitate group insurance (health, workers' compensation, liability, etc.) for union signatory contractors. If you are interested in becoming a union signatory, contact the Construction Trades Workforce Initiative (CTWI), and they can guide you through the process of becoming a union signatory contractor.*

23. Provide Technical Guidance and Trusted Provider Networks

- Ensure contractors have access to local insurance providers familiar with working with contractors and to organizations offering ongoing support for insurance compliance and insurance management.
    - *Identify and develop a curated, updated, and vetted list, and facilitate connections between contractors and these trusted entities that can provide both insurance and/or financial planning services to small contractors and their workers. This resource can be provided to all applicants as a resource*

Case Studies of Decarbonization Programs with Contractor Supports

Two existing building decarbonization programs demonstrate that the contractor support strategies outlined above can successfully expand equitable participation in publicly funded initiatives. These programs illustrate how intentional program design can both accelerate the transition to clean energy in buildings and broaden access to economic opportunities within the growing decarbonization market. The following case studies highlight programs that have embedded contractor support to strengthen contractor participation and advance equity and climate goals.

City of Berkeley's Just Transition Pilot Program

The City of Berkeley's Just Transition Pilot Program (JT Program) received funding of $1,500,000 for two years (2023-2025), approved by City Council, to reduce greenhouse gas emissions and the impact of climate change on low-to-moderate income residents by providing the direct installation of building electrification, energy efficiency, and weatherization measures in existing affordable housing buildings and for income-qualified households. The JT Program seeks to accomplish the following:

- Expand High Road workforce opportunities in the low-rise residential building sector by aggregating projects
- Advance economic opportunities for residential building electrification contractors and workers by creating High Road project opportunities with job quality standards, training, and inclusive recruitment pathways

- Support improvement of low-to-moderate income Berkeley residents' health, home comfort, and energy affordability[11]
- Reduce in-home and community-wide greenhouse gas emissions by converting residential building gas systems to clean electricity

The Just Transition program requires that these upgrades be completed by pre-qualified contractors who meet High Road labor standards, ensuring that residential decarbonization work also provides economic benefits to the workers performing the retrofits. Rebuilding Together East Bay Network (RTEBN) was selected as the prime by the City of Berkeley to implement the Just Transition Pilot and verify interested contractors' compliance with the key qualifications and labor standards listed in Sections 2A and 2B in the Just Transition Contractor RFQ. Some of the required labor standards that can be found in section 2B include requirements for:

- Prevailing Wages
- Capacity Building
- Employee Medical Benefit Coverage
- Retirement Benefits, and
- Focused Hiring

As a part of the Just Transition's Contractor RFQ release, there was a Pre-RFQ release that predated the official RFQ release by a few months. RTEBN led a contractor outreach and development initiative to create equitable opportunities for small businesses interested in bidding on energy-efficiency and electrification projects. Contractors participating in this initiative had pre-RFQ access to resources, technical assistance, and networking opportunities to support their success in bidding on the project and meeting the required labor standards. Contractors interested in receiving technical assistance had approximately 30-45 days from acceptance into the program to prepare to meet the required labor standards. To determine whether interested contractors needed on-ramp technical assistance to meet the labor standards outlined by the Just Transition, RTEBN included a self-assessment survey link in the Pre-RFQ for contractors to self-report their RFQ Readiness Level. There were two 'paths' to meet the criteria: a union tract and a non-union tract.

In the Pre-RFQ Attachment A, RTEBN illustrates an overview of the Contractor RFQ Readiness Support Program and its Contractor Support & Selection Process. Through the completion of the survey, Contractors were able to see what category of Contractor they landed in: Start-Up-Ready, Experience-Ready, or Shovel-Ready Contractor. The assistance that Start-Up Ready and Experience-Ready Contractors received varied by need and is detailed in Table A2: Program Expectations in Attachment A. Shovel-Ready Contractors did not require Readiness Support.

As a result of the contractor development initiative, 6 contractors received technical assistance from the Just Transition team, 4 of whom submitted proposals. 8 total proposals were received, which means half came from identified smaller contracting businesses that needed additional technical assistance to apply for this publicly funded decarbonization opportunity.

City of San Francisco's Climate Equity Hub: No-Cost Water Heater Replacement Program

[11] Low-to-moderate income is defined here as households at or below 120% AMI, with a preference of below 80%.

The City of San Francisco's Climate Equity Hub is a program of the San Francisco Environment Department, in collaboration with community partners. The Hub aims to facilitate building electrification in San Francisco's equity communities while creating quality jobs by adhering to minimum High Road labor standards. The Climate Equity Hub's main goals are to:

- Educate and engage underserved communities on the benefits of electrification
- Provide residents with financial and technical support to electrify
- Support the equitable growth and economic vitality of the electrification industry and workforce.

One program that aims to meet all 3 of these goals is the Climate Equity Hub's Heat Pump Water Heater (HPWH) Direct Install Program, which allows income-qualified residents to replace their old, gas-powered water heaters with a new electric heat pump water heater at no charge. SF Environment first issued an open call for one or more qualified firms to serve as Electrification Advisors for the Program. The Advisors' primary role is to guide eligible SF residents through the program and connect them with Installers who have sufficient knowledge and experience to competently install HPWHs. Additional requirements include:

- Providing deliverables in a user-friendly format
- Retaining a pool of Installers within three months of program launch
- Ensuring at least half of the assigned projects go to Minority, Women, Diverse Business Enterprise (MWDBE) Installers from San Francisco
- Sharing project scopes and data with SFE upon project completion

To review all requirements Electrification Advisors oversaw meeting and the Electrification Advisor Open Call.

The Climate Equity Hub provides support to MWDBE contractors to participate in the green transition through hands-on training, assistance, and mentorship. This Contractor Engagement portion of the program aims to educate SF water heater installers on upcoming zero-emissions regulations and existing incentives, share the benefits of electrification equipment, and provide manufacturer and field-installation training. The Climate Equity Hub has also organized quarterly workshops in collaboration with HPWH manufacturers that are open to all Bay Area contractors. The workshops equip contractors with the knowledge and skills necessary to reorient their businesses away from natural gas appliances and promote electrification to their customers. Workshops were developed with input from contractors and local partners, with equity and accessibility in mind. They are offered locally, in the language, and in person after work hours.

The Climate Equity Hub contractor support program is a 4-step pathway for disadvantaged contractors, with the goal of enabling independent management of electrification projects and participation in other decarbonization/electrification programs. The first step is Contractor recruitment and orientation. SFE has worked closely with Emerald Cities Collaborative (ECC) to recruit graduates from their E-Contractor Academy.

Conclusion

The Guide is intended to serve as a practical tool for the diverse stakeholders working to expand equitable participation in building decarbonization. Policymakers can use the recommendations to identify opportunities to strengthen and align existing contractor supports, ensuring that program conditions address the barriers that small contractors face in participating in publicly funded decarbonization programs. Contractor Support Organizations can also leverage this resource to connect contractors in their networks with available supports, helping them navigate program requirements, build capacity, and access new market opportunities in the growing decarbonization sector.

While this research highlights important gaps in the current contractor support ecosystem, it also affirms that many organizations are already providing valuable services. Strengthening this infrastructure requires stronger coordination across agencies, program implementers, workforce partners, and community organizations. Key priorities include:

- Embedding both High Road labor standards and contractor supports into program design so that participation advances both emissions reductions and worker wellbeing
- Our no-cost recommendation is to connect contractors with the organizations in the Resource Guide
- Establishing a centralized contractor resource hub to improve information access and reduce navigation burden
- Formalizing coordination mechanisms among support providers to eliminate service gaps and duplication
- Targeting outreach and capacity-building towards contractors most at risk of exclusion like small, BIPOC, and women-led contracting businesses
- Aligning funding and program requirements across agencies to reduce barriers to entry for under-resourced contractors

This research centers the 9-County Bay Area of California, where a specific ecosystem of programs, funders, and community organizations shapes the landscape of available supports. However, the core challenges identified are not unique to this region. Other jurisdictions implementing residential decarbonization programs can adapt the Guide by conducting parallel resource mapping, engaging local contractor support organizations, and embedding region-specific contractor support solutions into the design of their publicly funded decarbonization programs. By strengthening contractor support infrastructure, stakeholders can ensure that the transition to decarbonized buildings not only reduces emissions but also expands equitable economic opportunity for contractors and the communities they serve.

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