



IMMEDIATE RELEASE

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**Top manufacturing state CA among most productive in nation,
State sector growth outpaces national growth**
Energy efficiency helps sector save money, boosts energy productivity

SAN FRANCISCO – California manufacturers produce more gross domestic product (GDP) for every dollar spent on electricity than manufacturers in any other state except Connecticut. That’s according to [Next 10’s *California’s Manufacturing and Benefits of Energy Efficiency*](#), a new issue brief prepared by [Collaborative Economics](#), which also finds that California’s manufacturing GDP grew faster than the U.S. as a whole over the last decade.

“Energy policies that promote efficiency and reduce energy bills are contributing to the state’s manufacturing success,” said F. Noel Perry, businessman and founder of the nonprofit nonpartisan Next 10. “Even with the most aggressive carbon pollution reduction policies in the nation, California remains the top state for manufacturing.”

The issue brief, which uses data released this year from the 2012 U.S. Economic Census, finds manufacturers generate \$59 in state GDP for every dollar spent on electricity, compared to \$38 for the rest of the nation. And California continues to generate the most manufacturing output, jobs and exports of any state in the United States.

“If you look at overall energy productivity in this sector—which includes the cost of both electricity and purchased fuels used to produce heat or power—California ranks sixth in the country,” said Perry. “For every dollar spent on energy overall, California manufacturers produce \$35 of GDP, compared to an average of \$23 for the rest of the United States.”

From 2002 to 2012—a period when California passed and implemented pioneering climate and clean energy legislation—California’s average manufacturing electricity purchases fell from 1.3 percent to 0.9 percent of total operating costs. That was a larger improvement than in the rest of the country.

“Energy policies designed to drive efficiency improvements can help decrease energy bills and reduce electricity as a share of manufacturers’ total operating costs,” Perry said.

The brief also found that growth in manufacturing sector GDP in California has far outpaced the rest of the nation, with the state realizing a 15 percent increase over the last ten years. That is compared to a five percent increase, on average, for the rest of the U.S. Since the state’s manufacturing recession hit bottom in 2011, output rose faster in California than the rest of the U.S.



“California has achieved economic growth while becoming more efficient, and ranking among the least carbon intensive economies in the world. Clearly, economic prosperity and progressive energy policies can feed each other,” said Doug Henton, co-author of the brief as well as chairman and CEO of Collaborative Economics.

According to the brief, energy costs are lower in states that embrace energy efficiency, like California. In fact, while average electricity rates in the state are higher than the national average, Californians on average spend less on total electricity bills than the rest of the nation, due to the state’s strong track record in energy efficiency. In 2013, California had the third lowest electricity bill in the nation as a percent of the total state economy. Additionally, California’s residential, industrial, and commercial average monthly bills stayed relatively stable between 2003 and 2013. In comparison, some states experienced large jumps in average monthly bills over the same time period, such as New York and Florida in the industrial sector (+78% and +35%, respectively) and Texas in the commercial sector (+25%).

“These energy cost savings leave more money to be invested in other goods and services or capital upgrades, supporting growth in the state’s economy. Businesses have demonstrated they are able to successfully adapt to new energy regulations and improve efficiency, helping keep energy bills stable in the Golden State,” said Renae Steichen, co-author and clean economy practice manager for Collaborative Economics.

About Next 10

Next 10 is an independent, nonpartisan organization that educates, engages and empowers Californians to improve the state’s future. With a focus on the intersection between the economy, the environment, and quality of life, Next 10 employs research from leading experts on complex state issues and creates a portfolio of nonpartisan educational materials to foster a deeper understanding of the critical issues affecting our state.

About Collaborative Economics,

Collaborative Economics (www.coecon.com), which compiled the data for California’s Manufacturing and Benefits of Energy Efficiency, is a Silicon Valley-based research and consulting organization. CoEcon works with businesses, foundations, government, education, and community sectors to do leading edge innovation and clean economy analysis for states and regions across the country.