

# Protecting Energy Workers and Communities in a Just COVID-19 Recovery

April 2020

Workers in the oil, gas, and coal sectors have been hard-hit by the sharp contraction of the U.S. fossil fuel industry. For years, oil and gas executives have made risky investments and amassed bad debt to pursue near-limitless expansion.<sup>1</sup> Now, the abrupt decline in oil demand due to the COVID-19 pandemic and the oversupplied global market — the latest in the industry’s record of extreme boom-and-bust cycles — have exposed the industry’s shaky financial foundation and already contributed to layoffs and furloughs.<sup>2</sup> Energy workers also face longer-term challenges, with the fossil fuel industry already in decline as the global transition to clean, renewable energy accelerates.

Our response to the COVID-19 pandemic must prioritize the needs of impacted workers, families, and communities, including low-wage workers, undocumented people, people who are incarcerated, people experiencing homelessness, and Indigenous, Black, and Brown people who are disproportionately harmed by the health and economic crisis. Greenpeace supports proposals to provide immediate federal relief for *all* affected workers and families, such as the **Paycheck Guarantee Act** and the **Essential Workers Bill of Rights**.<sup>3</sup> Greenpeace also supports demands for long-term protections and large-scale investments in predominantly low-wealth and Black, Latinx, and Indigenous communities that are disproportionately impacted by toxic pollution, fossil fuel extraction, and the climate crisis,<sup>4</sup> such as those called for in the **Equitable and Just Climate Platform**.<sup>5</sup>

Alongside these essential policies, our response to the crises we face must also include immediate relief and long-term economic security for the energy workers and communities who have powered our society for decades, and who face unique challenges in the COVID-19 crisis and clean energy transition. **Congress should create a national Worker and Community Protection Fund (WCPF) to support fossil fuel workers, their families, and impacted communities in the current oil industry contraction and long-term energy transition.**

1 <https://www.ciel.org/wp-content/uploads/2020/04/Pandemic-Crisis-Systemic-Degradation-April-2020.pdf>

2 <https://oilprice.com/Latest-Energy-News/World-News/Oil-Giant-Forced-To-Furlough-3500-Workers.html>; <https://finance.yahoo.com/news/whiting-petroleum-files-bankruptcy-amid-134201703.html>

3 <https://jayapal.house.gov/2020/04/10/jayapal-announces-the-paycheck-guarantee-act/>; <https://www.warren.senate.gov/newsroom/press-releases/elizabeth-warren-and-ro-khanna-unveil-essential-workers-bill-of-rights>

4 See [https://www.ucc.org/environmental-ministries\\_toxic-waste-20](https://www.ucc.org/environmental-ministries_toxic-waste-20); <https://ajph.aphapublications.org/doi/abs/10.2105/AJPH.2017.304297>; <https://www.naacp.org/climate-justice-resources/coal-blooded/>; <http://www.cbecal.org/wp-content/uploads/2015/07/Crude-Injustice-on-the-Rails.pdf>;

5 <https://ajustclimate.org/>

## A federal Worker and Community Protection Fund would build on historical federal and state programs.

A WCPF is not a novel concept. Numerous federal and state programs have provided similar investments in worker and community transition and economic development in the past, including:

- The Redwood Employee Protection Program (REPP), which offered 6-11 years of wage replacement, benefit guarantees, and retraining assistance for loggers displaced by the expansion of Redwood National Park in 1978.<sup>6</sup>
- The POWER+ Plan launched in 2015 during the Obama Administration, which would unlock federal funding for workforce and economic development initiatives in distressed coal communities, particularly Appalachia. Elements of the POWER+ Plan continue today through the Appalachian Regional Commission and Economic Development Agency.<sup>7</sup>
- Colorado's Office of Just Transition, which was created by law in 2019 and tasked with creating a transition plan to provide benefits to coal and power plant workers and grants coal-dependent communities.<sup>8</sup>
- A transition plan for workers at the Diablo Canyon Power Plant in California, negotiated with the utility, unions, and environmental groups. The plan includes a retention bonus for workers to remain with the plant through its planned closure in 2025, and an \$85 million state-funded settlement to mitigate economic impacts to affected counties, municipalities, school districts, and unions.<sup>9</sup>
- Community-led efforts to secure funding for economic planning and diversification in Tonawanda, New York, after the closure of the coal-fired Huntley Generating Station.<sup>10</sup>
- The Base Realignment and Closure (BRAC) program, a transition program started in the late 1980s and last authorized by the Base Closure and Realignment Act of 2005.<sup>11</sup>

## What support should the WCPF provide for workers and communities?

The specific programs and assistance offered to fossil fuel industry workers and communities should be developed under a principle of “federal dollars, local leadership” — with region-specific approaches built from the ground-up in deep consultation with impacted workers, community leaders, unions, environmental justice communities, labor, climate, and environmental policy experts, and other stakeholders. In general, the WCPF should:

### For workers:

- Guarantee fully-funded pension and healthcare benefits to fulfill and supplement employer-provided plans for workers who choose to retire;
- Provide several years of wage replacement or wage gap insurance and full benefit guarantees for displaced workers, with no means testing and regardless of if they find new employment;

6 <https://www.gao.gov/assets/80/78766.pdf>, <https://www.govinfo.gov/content/pkg/STATUTE-92/pdf/STATUTE-92-Pg163.pdf>.

7 <https://fas.org/sgp/crs/misc/R46015.pdf>

8 <https://leg.colorado.gov/bills/hb19-1314>; <https://www.denverpost.com/2020/02/19/colorado-director-just-transition-coal-workers/>.  
See also: <https://www.peri.umass.edu/publication/item/1168-a-green-growth-program-for-colorado>.

9 <http://laborcenter.berkeley.edu/diablo-canyon-just-transition-workers-environment/>

10 <https://grist.org/justice/a-working-class-buffalo-suburb-retired-a-coal-plant-the-right-way/>; <https://ieefa.org/ieefa-guest-commentary-lessons-power-plant-town-closes/>.

11 [https://en.wikipedia.org/wiki/Base\\_Realignment\\_and\\_Closure#References](https://en.wikipedia.org/wiki/Base_Realignment_and_Closure#References)

- Offer workforce development opportunities and guaranteed employment, including apprenticeship, pre-apprenticeship, and job retraining programs to assist displaced workers in obtaining the skills needed for new employment, priority job placement and guaranteed employment, and 100 percent wage replacement during retraining;<sup>12</sup>
- Provide relocation assistance and housing support for displaced workers who need it; and
- Provide targeted workforce development and transition assistance for women, workers who are Black, Indigenous, and people of color, veterans, people who are formerly incarcerated, and other historically marginalized workers in order to address historic racial and economic disparities and exclusion of people from certain sectors of the labor market due to race, gender, and other protected classes.<sup>13</sup>

#### **For communities:<sup>14</sup>**

- Provide federal assistance to states and local communities to replace lost tax revenue and other funding for schools, libraries, fire departments, clinics, and other community and public services;<sup>15</sup>
- Create a “RePower Program” to support targeted economic development and diversification initiatives to enable new industries and businesses to thrive, prioritizing community hires, requiring or incentivizing strong worker protections, and where applicable, prioritizing development of industries that can utilize or repurpose existing energy and transportation infrastructure;<sup>16</sup> and
- Create a dedicated “Community Restoration Program” to support clean-up, reclamation, and restoration projects in communities where mining, drilling, fracking, and other fossil fuel extraction practices have damaged or polluted local ecosystems, lands, and waterways, prioritizing community hires and requiring or incentivizing strong worker protections (see below).<sup>17</sup>

## How should the WCPF protect workers’ rights and ensure fair treatment?

All jobs and projects supported or created by the federal government through the WCPF should be required or incentivized to uphold high-road labor standards, prioritize local hires for workers in transition, and protect the right of workers to organize:

- Ensure workers are paid livable wages of at least \$15 per hour, at or above prevailing wages;<sup>18</sup>

12 New employment need not be limited to renewable energy industries, but should also include employment in sectors related to “climate protection” and other industries. “Climate protection” here refers to industries that support the shift to a low-carbon economy, including energy efficiency and weatherization, zero-carbon building construction, low-carbon manufacturing, climate resilience and adaptation, well and mine clean up and remediation, sustainable agriculture, and “caring economy” and public service sectors such as healthcare, teaching, public transit, and service industries that contribute relatively little to greenhouse gas emissions.

13 The vast majority of fossil fuel workers are white and male, but nobody should be left behind in the transition. The government should ensure transition programs recognize and address historic disparities and barriers for women and people of color in the workplace and public sphere. <https://www.bls.gov/cps/cpsaat18.htm>

14 To emphasize: these recommendations for community investment focus specifically on communities impacted by the decline and transition away from fossil fuel production. A fully just transition to a clean energy economy and stable climate must also include targeted investments in historically marginalized communities, including Black, Brown, Indigenous, and low-wealth communities, at the frontlines of pollution and the climate crisis.

15 <https://www.kcbx.org/post/diablo-canyon-community-settlement-signed-state-law>

16 <https://jayinslee.com/issues/freedom-from-fossil-fuels>; <https://medium.com/@sam.t.ricketts/evergreen-action-plan-3f705ecb500a>

17 *Ibid.*

18 This includes strengthening and enforcing requirements under the Davis-Bacon Act, Walsh-Healey Act, and Service Contract Act. [http://goodjobsnation.org/content/uploads/2015/04/sweat\\_shops\\_CTW\\_full\\_11.pdf](http://goodjobsnation.org/content/uploads/2015/04/sweat_shops_CTW_full_11.pdf)

- Protect workers' right to organize under the National Labor Relations Act by requiring or incentivizing neutrality, first contract arbitration, and commitments that no firms receiving federal funding can hire anti-union consultants or engage in anti-union campaigns;
- Implement hiring and procurement policies that benefit people of color, low-wealth communities, women, people who are undocumented, veterans, people who are or were formerly incarcerated, and other people historically disadvantaged in the workforce;
- Require or incentivize (e.g., through conditions on use of federal funds) fulfillment of project labor agreements, community benefit agreements, and/or local hire agreements to ensure fair treatment of workers, where available by law;
- Ensure that federal procurement follows: “Buy Clean” standards to prioritize use of the most efficient, resilient, and cleanest materials and products with the lowest carbon and toxicity footprints;<sup>19</sup> “Buy Fair” standards to enhance labor standards, workers' rights, career pathways, equity, and benefits for workers and communities throughout the supply chain, particularly those who are historically disadvantaged; and strengthened “Buy Domestic” standards to promote high-quality, good-paying U.S. jobs; and
- Ensure full healthcare, paid leave, and other benefits, strong health and safety standards, and other critical worker protections.

## How should the WCPF be structured?

**Coverage:** The WCPF should cover all workers in coal, oil, and gas production, refining, distribution, power production, and other associated sectors, along with their families. The Fund should focus on all communities whose local economies are especially reliant on activity in these same sectors, or that are overburdened by pollution or environmental degradation from fossil fuel extraction and combustion.<sup>20</sup>

**Administration:** The WCPF should be administered by a new, independent “Clean Energy Progress Administration” (CEPA).<sup>21</sup> The agency should be grounded with meaningful engagement with affected workers, labor unions, state and local governments, climate scientists, environmental justice advocates, impacted community representatives, and other key stakeholders.<sup>22</sup> The agency should follow a principle of “federal dollars, local leadership” by working with local stakeholders and regional offices to efficiently deploy federal funding, adhere to strong worker, climate, and environmental justice standards, and meet local circumstances and needs.

**Funding:** The WCPF could be capitalized with federal crisis recovery appropriations, then continually funded with fees collected from fossil fuel companies and a backstop of mandatory federal appropriations to make the Fund whole.<sup>23</sup> Critical reforms to bankruptcy and self-bonding practices should be made to ensure companies cannot evade their

<sup>19</sup> <https://www.bluegreenalliance.org/work-issue/buy-clean/>

<sup>20</sup> Eligible communities could be identified with a comprehensive, interactive, and transparent mapping tool developed in consultation with affected communities and stakeholders. While there are limited examples of such analysis, this tool could build upon the Environmental Protection Agency's EJ SCREEN tool (<https://www.epa.gov/ejscreen>), FracTracker Alliance maps (<https://www.fractracker.org/map/national/>), U.S. Energy Information Administration data (<https://www.eia.gov/maps/maps.htm>), American Geosciences Institute tools (<https://www.americangeosciences.org/critical-issues/maps/interactive-map-coal-resources-united-states>), and the Environmental Defense Fund's federal methane map (<http://www.edf.org/federalmethanemap/>).

<sup>21</sup> The CEPA could also oversee broader strategies to manage a just and equitable phaseout of fossil fuel production, including bringing declining fossil fuel companies under public ownership. <http://priceofoil.org/2020/04/14/case-for-public-ownership-fossil-fuel-industry/>

<sup>22</sup> A consultative body with relevant stakeholders could look to the National Environmental Justice Advisory Council (NEJAC) as a prototype model. Such consultation should be comprehensive, meaningful, and impactful — environmental justice advocates and even presidential candidates (such as Senator Elizabeth Warren) have noted that NEJAC's consultative power is limited, and called for the body to be strengthened and elevated to directly advise the White House. <https://www.epa.gov/environmentaljustice/national-environmental-justice-advisory-council>; <https://www.theguardian.com/us-news/2019/oct/09/warren-debuts-ambitious-policy-plan-that-addresses-environmental-racism>.

<sup>23</sup> The Black Lung Disability Trust Fund is funded in this way, with a combination of excise taxes on coal companies and general appropriations. However, Congress should ensure that a WCPF does not face the same financial strain and insolvency issues. See: <https://fas.org/sgp/crs/misc/R45261.pdf>, <https://ohiovalleyresource.org/2020/02/26/lax-oversight-threatens-health-fund-for-miners-with-black-lung-watchdog-finds/>.

obligations to workers, communities, and the environment.<sup>24</sup> Congress should eliminate the roughly \$15 billion per year in federal fossil fuel subsidies and redirect federal resources to support workers through the WCPF.<sup>25</sup> Liability for fossil fuel companies must not be waived.

## How much would the WCPF cost?

We estimate the cost to support displaced workers with 3 years of compensation insurance (wages plus benefits), job retraining costs (plus compensation support while retraining), and relocation assistance could range from \$1.9 billion to \$2.9 billion per year.<sup>26</sup>

Notably, this is only part of the cost of fully implementing the WCPF as described above. Additional funding is needed to fulfill pensions for impacted workers, provide tax base replacement and other support for affected communities, and invest in environmental remediation, economic development, and diversification programs.

Funds should be appropriated to undertake a full and detailed analysis of the costs associated with the WCPF.

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24 Coal companies have manipulated self-bonding practices and bankruptcy proceedings for years to avoid meeting pension, benefit, and environmental cleanup obligations. Congress should end self-bonding (see [H.R. 4435](#), the “Coal Cleanup Taxpayer Protection Act of 2019”) and reform bankruptcy laws to prevent fossil fuel companies from discharging federal regulatory obligations to workers and communities. See: <https://www.stanfordlawreview.org/print/article/bankruptcy-as-bailout/>, <http://www.worc.org/publication/time-to-end-self-bonding/>, <http://law.emory.edu/ebdj/content/volume-34/issue-1/comments/bankruptcy-role-dilemma-self-bonding-coal-industry.html>; and the Protecting Employees and Retirees in Business Bankruptcies Act, <https://www.durbin.senate.gov/newsroom/press-releases/durbin-conyers-corporations-must-put-workers-and-retirees-first-in-bankruptcy>

25 <http://priceofoil.org/2017/10/03/dirty-energy-dominance-us-subsidies/>

26 Our national cost estimate for compensation insurance, job retraining, and relocation assistance builds on analysis of the costs of a climate-safe energy transformation in the state of Colorado, conducted for a coalition of unions by economists affiliated with the Political Economy Research Institute at the University of Massachusetts, Amherst (PERI). That report detailed a suite of policies to support displaced workers as described above. Under some conservative assumptions, the cost of those policies averages \$78,000 per displaced worker per year. Nationally, around 1.6 million workers were employed by the coal, gas, and petroleum industries in 2018 (U.S. Energy and Employment Report 2019. <https://www.usenergyjobs.org/2019-report>; see Tables 39, 40, and 41, which summarize jobs across the natural gas, coal, and petroleum industries). Following the methodology and assumptions around fossil fuel industry contraction through 2030 and the natural rate of worker retirements outlined in Pollin, et. al. (*A Green Growth Program for Colorado*, 2019, <https://www.peri.umass.edu/publication/item/1168-a-green-growth-program-for-colorado>) (assuming: national fossil fuel jobs in 2020 are the same as reported in the 2018 USEER report; a smooth annual contraction from 2020 to 2030 targeting 70% contraction of coal and a 40% contraction of oil and gas; a range of 20% to 30% of current workers reaching retirement age in that time period with 85% choosing to retire; and 85% of displaced workers are non-managers requiring re-employment assistance), we estimate that nationally 25,000 to 37,000 fossil fuel workers would need transition assistance every year.