America's Energy Transition: Supporting Dislocated Coal and Oil Refinery Workers

America's energy transition is well underway, but a transition that is fair for workers and communities isn't something that will happen organically. Prioritizing and targeting federal resources to workers and communities in places impacted by this shift must be a deliberate choice. A broad range of policy measures and funding are needed to support these workers and communities, as outlined in the BlueGreen Alliance's National Energy Transition Policy Framework.[1]

One critical piece of this agenda is providing a robust package of support for workers who have borne and will continue to bear the brunt of job loss in this energy transition: workers dislocated from coal mines, coal power plants, and oil refineries. This package must include:

- Wage replacement or a wage differential, whichever is applicable, for 5 years (as proposed in the Colorado Just Transition Action Plan[2]);
- Five years of pension credits and pension contributions and/or 5 years of 401(k) contributions and Social Security benefit credits as applicable for all affected workers regardless of age;
- Five years of healthcare support to allow workers to keep their plan or secure similar coverage and;
- Education and training assistance for dislocated workers and education benefits for their children.

RECOMMENDATION: Congress should allocate at least $32 billion over ten years to assist coal workers and oil refinery workers in the shift to a clean energy economy.

As Congress moves to advance legislation that builds back better and directs funding towards programs that combat the climate crisis, robust support for dislocated energy workers must be included as a top priority.

At the end of 2011, nearly 92,000 people worked in the American coal mining industry.[3] By 2019, there were only 53,583 workers, a loss of nearly 40,000 jobs.[4] At the same time, hundreds of coal-fired power plant units were retired, dislocating workers in the power sector—this decreasing trend in coal-sector jobs is expected to continue.[5]

The economic base is very narrow in coal communities, posing a challenge for economic diversification efforts. Assistance for dislocated workers should be commensurate with the longer periods of time necessary to diversify these economies. Because these regions are often geographically isolated and coal facilities are frequently the primary direct and indirect employer of the majority of workers across multiple counties, the economic and social infrastructure of a region undergoes lasting changes when facilities close.[6] For every **one direct coal job** that has been lost, **four other jobs** have disappeared in these communities, meaning a quarter of a million jobs already have been lost.[7] This leads to devastating impacts on communities, workers, and their families. In Central and Northern Appalachia, the heart of coal country, poverty levels have either remained stagnant or increased in around 95 counties.[8]

In addition to jobs lost, communities lose tax revenue that supports infrastructure and funding for local schools. A recent white paper from the Environmental Solutions Initiative (ESI) found that multiple school districts in Greene County, Pennsylvania received over half of their funding from coal revenues.[9]


Craig Station in Craig, CO. Photo courtesy of Arby Reed.

And it's not just Appalachia where these economic shifts are happening. Coal plant and refinery closures have been announced across the country, including in California, Wyoming, New Mexico, Colorado, Michigan, Ohio, Florida, and Arizona. In the northwest Colorado city of Craig, home to nearly 9,000 residents, recently announced closures from Tri-State and Xcel Energy translate to nearly 800 lost jobs.[10]

The recently announced closure of an oil refinery in Martinez, California will have similar ripple effects in the local community, as it's estimated that for every job in the refinery, there are eight jobs in the community supporting that one job.[11] This translates into widespread economic impacts, especially on the heels of the COVID-19 pandemic. Last year, declining gas consumption led to the permanent shutdown of five U.S. refineries.[12] Marathon Petroleum shuttered refineries in California and New Mexico, leading to 800 lost jobs.[13] Shell announced the closure of their Convent, Louisiana oil refinery in November of 2020, a facility that employs around 700 workers and 400 contractors. [14]Other refinery closures have been announced in Pennsylvania, North Dakota, and Wyoming.[15]

As coal-fired power plants, coal mines, and oil refineries close across the country, Congress has the responsibility to ensure that the burden of meeting emissions reduction targets does not fall disproportionately on the workers who have helped to keep the lights on for generations. Instead, we must provide these workers with comprehensive, wrap-around supports so they can enter new careers that provide high-quality jobs with family-sustaining wages.

Existing federal programs, such as those to access unemployment insurance, training, employment and case management services, job search assistance, and relocation assistance are insufficient to meet the needs for these workers and accessing these opportunities often leaves workers who lose work in these energy sectors with a tough choice between training for the job they want or training for the job they need right now to support their families. While it's critical we reform these social safety net programs for the long term to better support all workers, we have an opportunity to provide a targeted set of supports for workers impacted by energy transition.

This situation is very real for many workers across our economy, and that is why we are recommending that Congress direct $32 billion over the next 10 years to provide comprehensive support for coal and oil refinery workers as we shift to a clean energy economy. Support at this level will ensure that workers can choose the path forward they want and one that is best for themselves and their families.

Endnotes

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