

# A New Day for Fossil Fuel Workers

[Fossil.NewDay4.com](http://Fossil.NewDay4.com) Draft 6/19/2020 [Fossil@yrr.info](mailto:Fossil@yrr.info)

Fossil fuel workers will need help when their jobs disappear, due to automation, energy conservation and renewable energy. Many jobs are in remote areas without other jobs nearby, and pay more than other jobs without college.

The graph illustrates the support required. This proposal would support new jobs, as well as paying for health care, retirement, and new business ventures. The cost depends on how many workers lose jobs, their pay levels, and how soon they find other jobs. It offers more than the Workforce Innovation and Opportunity Act or Trade Adjustment Assistance.

For each 100 workers who lose their jobs, a good 10-year transition program would cost \$5 million per year. Table 1 has details, and it shows total cost to help 80,000 workers for a decade will be \$13 billion for miners, \$13 billion for coal communities, \$90 billion for oil and gas workers and \$27 billion for their communities.

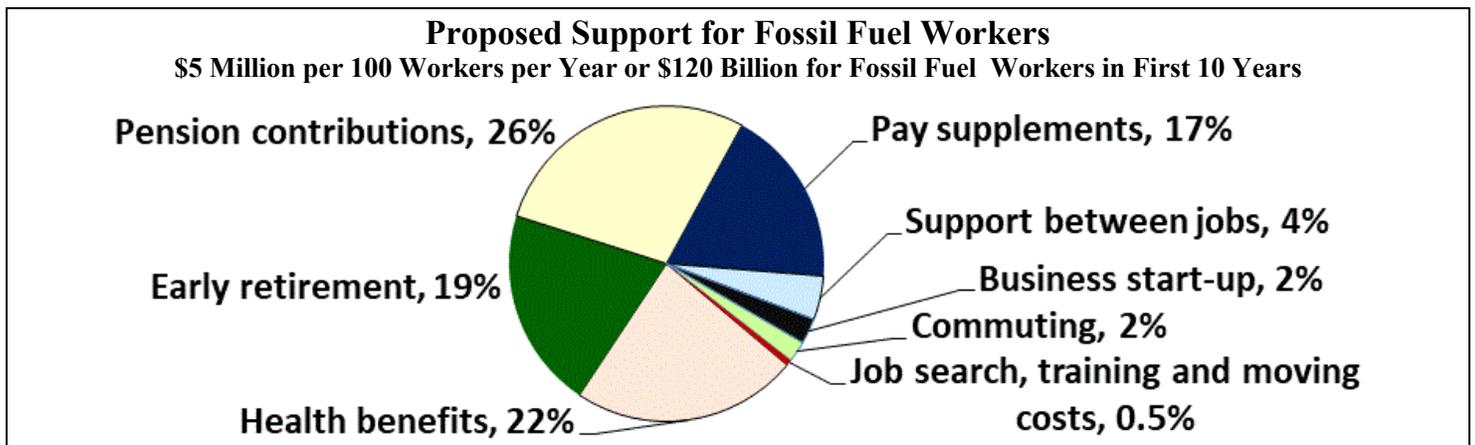


Table 2 shows the number of workers and pay in different industries, and estimates how many will lose work. It guesses that in 10 years, use of natural gas and gasoline will drop 25%, well-drilling will drop 50%, and that new pipeline construction and coal mining drop almost completely, oil fields and pipelines need continued maintenance, and gasoline stations continue to serve gasoline and diesel cars and trucks.

For gradual job losses the small amounts of money can come from anywhere. The largest cutbacks will happen if there are regulations, a carbon price, or cap and trade. With a carbon price or auctions to distribute cap and trade permits, the government will raise \$2 to \$3 trillion<sup>1</sup> over 10 years, so 5% to 8% could be set aside for worker transition, and leave all the rest to be distributed to households or other purposes. The proposal will pay for fossil fuel workers' transition needs for a decade. We compare other Congressional proposals at [fossil.NewDay4.com](http://fossil.NewDay4.com) (that site also has this paper and partial language for a law). None of the other proposals comes close to offering this level of support for fossil fuel workers and communities.

## Need for Action:

1. Renewables are steadily rising and getting less expensive. Coal use fell 18% in 2019, to the lowest level since 1975<sup>2</sup> and some of the biggest coal plants are closing.<sup>3</sup>
2. Counties and states rely on taxes from fossil fuels to **pay for schools and public services**.<sup>4</sup> This proposal will **replace all that money**, phasing out over 20 years to allow a transition.
3. Several proposals for carbon fees pay dividends to households. These reimburse households for higher energy costs, but not for lost jobs.

**Table 1 – Estimated Costs of Support, and Workers Using Each Benefit**

Needs for Workers and Communities	Annual Cost per Coal Miner who Uses this Service	Annual Cost per Oil/Gas Worker who Uses Service	Avg. Yrs Provided during 10 Yrs after Job Loss	Percent of Laid-off Workers Using Service	Total Cost per Laid-off Worker on Average	Notes (details at <a href="http://NewDay4.com/n.xls">NewDay4.com/n.xls</a> )	
<i>Average Previous Pay</i>	\$60,000	\$84,000				Union plan or gold or silver family plans <sup>5</sup>	
<b>Health benefits</b> <sup>C,F,I,I</sup>	\$11,000	\$11,000	10	100%	\$110,000	Pension after 30 yrs in industry <sup>6</sup>	
<b>Early retirement</b> <sup>A,C,F,I</sup>	\$24,000	\$33,600	10	30%	\$97,307		
<b>Pension contributions</b>	\$12,000	\$12,000	10	100%	\$120,000	\$6/hr, same as past employer contributions <sup>7</sup>	
<b>Pay Supplement</b> if they take another job <sup>C,I,T</sup>	\$22,500	\$22,500	10	70%	\$86,625	1 <sup>st</sup> year at 75% of pay gap (average \$30,000). Drops 7.5 points per year <sup>Z</sup>	
<b>Replacing lost incomes</b> between jobs, at 75% of previous pay <sup>A,C,I,T</sup>	\$45,000	\$63,000	0.5	70%	\$21,286	Up to a year at 75% of pay (average \$60,000). Any more time needed: at same pay as early retirement	
<b>Business</b> start-up incubator and seed money <sup>B</sup>	\$22,500	\$22,500	10	10%	\$12,375	Set equal to Pay Supplement, same phase-out <sup>Z</sup>	
<b>Travel expenses</b> if a worker needs to travel far, but not move <sup>C</sup>	\$3,400	\$3,400	10	30%	\$10,200	Cost of 100 miles per day at IRS rate of 17 cents/mile <sup>8</sup>	
<b>Job search costs and advice</b> <sup>A,C,I,W</sup>	\$2,000	\$2,000	1	70%	\$1,400		
<b>Training</b> <sup>A,C,I,M,T,W</sup>	\$3,000	\$3,000	1	30%	\$900		
<b>Relocation expenses</b> <sup>A,C,I,W</sup>	\$5,000	\$5,000	1	10%	\$500	1980s studies found this important <sup>9</sup>	
<b>Total Cost per Laid-off Worker</b> including 10% for administration	\$480,000	\$520,000			\$510,000	100 miners: \$51,000,000 over 10 years, or \$5.1 million/year	
<b>Payments to state and local governments</b> <sup>C</sup> to replace lost taxes, including 5% for administration	\$57,578	\$19,721	10	100%	\$200,000	State & local tax revenue, generated per production worker, phase-out over 20 years. <sup>Z</sup> Total is for first 10 yrs.	
<b>Total Cost of support for workers and their communities, per laid-off worker</b>	\$950,000	\$680,000			\$710,000		
<b>Number of Job Losses per Year</b>	5,000	36,225					
<b>Cost of first decade, billions</b> (estimate is for 10 yrs, since budget estimates usually cover 10 yrs)	<b>\$26</b>	<b>\$118</b>	<b>\$143</b>				\$120 billion for miners, \$23 billion for state and local governments (less than 5% of the revenue from Energy Innovation and Carbon Dividend Act <i>or</i> Climate Action Rebate. <i>Or</i> 7% of revenue from America Wins Act, <i>or</i> Healthy Climate and Family Security Act <i>or</i> American Opportunity Carbon Fee)

The following programs are precedents:

<sup>A</sup> Alberta provides this type of help to ex-coal miners for shorter periods than we propose [alberta.ca/support-for-coal-workers.aspx](http://alberta.ca/support-for-coal-workers.aspx)

<sup>B</sup> Wyoming has an example of support for business start-up, Kickstart Wyoming 2018 SF118 [openstates.org/wy/bills/2018/SF118/](http://openstates.org/wy/bills/2018/SF118/)

<sup>C</sup> Canada's Task Force recommends this type of help for coal miners and power plant workers [canada.ca/en/environment-climate-change/services/climate-change/task-force-just-transition/final-report/section-10.html](http://canada.ca/en/environment-climate-change/services/climate-change/task-force-just-transition/final-report/section-10.html)

<sup>F</sup> France provided this type of help when it closed its coal mines [independent.co.uk/news/world/europe/france-ends-coal-mining-with-tears-but-not-a-single-protest-5355529.html](http://independent.co.uk/news/world/europe/france-ends-coal-mining-with-tears-but-not-a-single-protest-5355529.html)

<sup>I</sup> Initiative 1631 in Washington, 2018, had this, with 100% wage replacement for 5 years [sos.wa.gov/\\_assets/elections/initiatives/finaltext\\_1482.pdf](http://sos.wa.gov/_assets/elections/initiatives/finaltext_1482.pdf)

- <sup>M</sup> Maine Green New Deal calls for jobs, training, collective bargaining [https://mainelegislature.org/legis/bills/bills\\_129th/billtexts/HP092401.asp](https://mainelegislature.org/legis/bills/bills_129th/billtexts/HP092401.asp)
- <sup>T</sup> Trade Adjustment Assistance program (TAA, [19USC 12-II-2](https://www.doeleta.gov/tradeact/benefits/2015-amendment-benefits.cfm)) provides this type of help, at lower levels and shorter periods than we propose, when jobs disappear because of foreign trade [doleta.gov/tradeact/benefits/2015-amendment-benefits.cfm](https://www.doeleta.gov/tradeact/benefits/2015-amendment-benefits.cfm)
- <sup>U</sup> Unions helped write a proposal for these items in 2009: AFL-CIO, United Mine Workers of America, United Steel Workers, Utility Workers Union of America, *Making the Transition* [perma.cc/W4A8-AY2S](https://perma.cc/W4A8-AY2S)
- <sup>W</sup> Workforce Innovation & Opportunity Act (WIOA, [29USC 3174 and 3225](https://www.doeleta.gov/layoff/workers.cfm)) provides this type of help, at lower levels and shorter periods than we propose, when any big employer closes ([doleta.gov/layoff/workers.cfm](https://www.doeleta.gov/layoff/workers.cfm)).
- <sup>Z</sup> For items which phase out, the first year payment is shown, and the 10-year total includes the effect of the phase-out.

**Administration** will be handled by existing Workforce Boards, which already manage worker programs throughout the country.<sup>10</sup>

2017 Industry Code (NAICS )	<b>Table 2 - Fossil Fuel Jobs and Pay by Industry</b> more detail on each at <a href="https://www.naics.com/search/">https://www.naics.com/search/</a>	March 2017 employees	Estimated Jobs Lost in 10 Years		Average Pay of Jobs Lost
			Per- cent	Number	
	<b>Jobs in Oil+Gas Industries below</b>	<b>1,961,000</b>		<b>362,250</b>	<b>\$84,000</b>
	Jobs in production sectors (25% drop estimated) <i>Assume State+local severance +property taxes from oil+gas will drop in proportion to these job losses</i>	<b>534,000</b>		<b>133,500</b>	
	<b>Assume use of natural gas and gasoline drops 25% in 10 years, so jobs to produce them drop 25%</b>				
211	Oil and gas <b>extraction</b> (includes natural gas purification 211130)	109,000	25%	27,250	\$129,000
32411	Petroleum <b>refineries</b>	64,000	25%	16,000	\$123,000
213112	<b>Support</b> activities for oil and gas operations	217,000	25%	54,250	\$80,000
33313	Mining and oil and gas field <b>machinery</b> manufacturing	44,000	25%	11,000	\$71,000
4247	Petroleum and petroleum products merchant <b>wholesalers</b>	100,000	25%	25,000	\$79,000
	<b>Assume natural gas for electricity drops 30%, where carbon capture not cheap enough to compete with renewables</b>				
221112 (part)	<b>Nat.gas or oil electric</b> plant, 30% job losses, and half transfer to other plants	23,000	15%	3,450	\$110,000
	<b>Assume new pipes rarely needed; but existing pipelines and gasoline stations keep operating for remaining customers.</b>				
23712	Oil and gas pipeline and related structures <b>construction</b>	212,000	90%	190,800	\$75,000
4861	<b>Pipeline transport</b> , crude oil	13,000	0%		\$114,000
4862	<b>Pipeline transport</b> , natural gas (2014 not reported)	30,000	0%		\$122,000
48691	<b>Pipeline transport</b> , refined petroleum products, including gasoline	8,000	0%		\$121,000
2212	Natural gas <b>distribution</b>	89,000	0%		\$92,000
447	<b>Gasoline</b> stations	944,000	0%		\$21,000
	<b>Assume new wells are less valuable, since declining use worldwide can be met from existing wells</b>				
213111	<b>Drilling</b> oil and gas wells	69,000	50%	34,500	\$87,000
	<b>Assume other petroleum products, which emit little, stay unchanged</b>				
32412	<b>Asphalt</b> paving, roofing, and saturated materials manufacturing	27,000	0%		\$68,000
324191	Petroleum <b>lubricating</b> oil and grease manufacturing	12,000	0%		\$82,000
2121	<b>Coal mining</b> , 7% in metallurgical coal will remain	50,000	93%	46,800	\$78,000
221112	<b>Coal electric</b> plant, half workers transfer to other plants	52,000	50%	26,000	\$110,000
	<b>Sources for table:</b> <a href="https://www.census.gov/programs-surveys/cbp.html">census.gov/programs-surveys/cbp.html</a> and <a href="https://data.census.gov/cedsci/advanced">data.census.gov/cedsci/advanced</a>				

**Sources for Paper**

<sup>1</sup> \$3 trillion from Energy Innovation and Carbon Dividend Act, or Climate Action Rebate. \$2 trillion from the America Wins Act or Healthy Climate and Family Security Act, or American Opportunity Carbon Fee. [newday4.com/page.htm](https://www.newday4.com/page.htm)

<sup>2</sup> <https://www.theatlantic.com/science/archive/2020/01/americas-coal-consumption-entered-free-fall-2019/604543/> 86% of **utility executives** believe that coal will decrease in their utility mix over the next decade, even without new rules, including 67% who say it

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- will decrease significantly. None of the executives expects coal to increase p.68 of survey by *Utility Dive*, PA Consulting, <https://resources.industrydive.com/State-of-the-Electric-Utility-2019-Survey-Report>.
- Economic studies confirm the decline: VCE-EI 2019.Gimon et al. "The Coal Cost Crossover: Economic Viability of Existing Coal Compared to New Local Wind and Solar Resources" *Vibrant Clean Energy* and *Energy Innovation*, 25 March 2019 [energyinnovation.org/wp-content/uploads/2019/03/Coal-Cost-Crossover\\_Energy-Innovation\\_VCE.pdf](http://energyinnovation.org/wp-content/uploads/2019/03/Coal-Cost-Crossover_Energy-Innovation_VCE.pdf)
- <sup>3</sup> <https://www.scientificamerican.com/article/and-now-the-really-big-coal-plants-begin-to-close/>
- <sup>4</sup> Taxes on oil and gas: Covenant Consulting Group, for North Dakota, 2012 [http://www.ndnrt.com/image/cache/oil\\_tax\\_report\\_final.pdf](http://www.ndnrt.com/image/cache/oil_tax_report_final.pdf) Numbers are for 2010. State and local taxes on coal (mostly severance and property tax): WV Center on Budget & Policy, March 1 2012, Ted Boettner and Sean O'Leary, *Major Tax Responsibilities of Coal and Natural Gas Producers in Wyoming and West Virginia*, Numbers are for 2008, so it would be good to update them. <https://wvpolicy.org/wp-content/uploads/2018/5/TaxResponsibilities030212.pdf> State budgets: [ballotpedia.org/West\\_Virginia\\_state\\_budget\\_\(2008-2009\)](http://ballotpedia.org/West_Virginia_state_budget_(2008-2009)) and [ballotpedia.org/Wyoming\\_state\\_budget\\_\(2008-2009\)](http://ballotpedia.org/Wyoming_state_budget_(2008-2009))
- <sup>5</sup> UMWA health insurance for retirees is at <https://www.umwafunds.org/Health-Medical-Benefits> without cost data. \$11,000 may be enough for UMWA coverage; it is more than enough for silver or gold ACA family plans with the lowest deductibles.
- <sup>6</sup> UMWA quoted by Greszler 7/24/16 p.2 <https://naturalresources.house.gov/download/4-testimony-rachel-greszler-emr-leg-hrg-072419>
- <sup>7</sup> Cecil Roberts 3/1/16 p.4 <https://www.finance.senate.gov/download/03012016-roberts-sfc-witness-testimony>
- <sup>8</sup> IRS allowances per mile: <https://www.irs.gov/tax-professionals/standard-mileage-rates>
- <sup>9</sup> Help given in the 1980s was only partly effective. The people who moved did better, but few were willing to move. Training and case management also mattered. Workforce Investment Boards, which would administer NewDay, have evaluations to try to ensure good training and case management. *Process and Implementation Issues in the Design and Conduct of Programs to Aid The Reemployment and Dislocated Workers* [ideas.repec.org/p/mpr/mpres/7bad9430b239416baca41592dcf5465c.html#download](http://ideas.repec.org/p/mpr/mpres/7bad9430b239416baca41592dcf5465c.html#download). *Displaced workers of 1979-83: how well have they fared?* in 1985-*Monthly Labor Review* [bls.gov/opub/mlr/1985/06/art1full.pdf](http://bls.gov/opub/mlr/1985/06/art1full.pdf)
- <sup>10</sup> Workforce Boards operate under the Workforce Innovation & Opportunity Act (WIOA): [servicelocator.org/wibcontacts](http://servicelocator.org/wibcontacts).