

Briefing paper for trade unionists

**THE EPA'S CLEAN POWER PLAN,
JOBS, AND LABOR**



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FOR SUSTAINABILITY

¹ www.labor4sustainability.org The Labor Network for Sustainability is available for webinars and other presentations on the clean power plan, jobs, and labor.



EXECUTIVE SUMMARY

The overall effect of the EPA's proposed Clean Power Plan will be to increase total jobs by about 360,000 through 2020.

The CPP will continue to increase jobs through 2030.

The CPP represents only a small proportion of the jobs that could be created by climate protection programs in the future. A recent study proposed a plan to reduce greenhouse gases 40% over twenty years, leading to a net increase of 2.7 million jobs and a 1.5% reduction in unemployment.

The CPP will result in 12,600 fewer coal mining jobs and 11,633 electrical power generation, transmission, and distribution jobs in 2020.

The Obama administration's 2015 budget proposes a "Power+ Plan" to provide new investments for economic transition in central Appalachia.

The Power+ plan could provide a starting point for a comprehensive plan to counter the negative job effects of the CPP.

A possible model is provided by the Base Realignment and Closing Commission (BRAC) which offered planning and economic adjustment assistance, environmental cleanup, Community Development Block Grants, Community Service Grants. And extensive support to individual workers displaced during the closing of military bases.

An interagency task force can be the means to create a transition package for coal miners, utility workers, and other affected workers that would provide robust financial and training support and preferential access to the new jobs created by environmental policies.

That could be combined with vigorous support for economic planning and investment in the communities affected by the CPP, focusing on the development of new clean energy industries.

Unions can help shape state CPP plans in ways that reflect job growth, protection for displaced workers, environmental justice, and climate protection objectives.



INTRODUCTION

The Environmental Protection Agency (EPA) is poised to issue the final text of a regulation called the Clean Power Plan (CPP) whose purpose is to reduce the greenhouse gas emissions (GHGs) that climate scientists say are causing global warming. Trade unionists often support EPA regulation to protect health and the environment, but they also must be concerned about possible effects on their members' livelihoods. This background paper reports on a new study of the job effects of the CPP and provides the background trade unionists need to evaluate its findings.

There is already considerable controversy surrounding the CPP and jobs, and workers are at the core of that controversy. House Appropriations subcommittee chairman Ken Calvert (R-Calif) said what he described as "the president's new energy tax" as "yet another attack on the household costs and wages of American workers." The White House says the plan will create "tens of thousands of new jobs."

The EPA has released a "regulatory impact analysis" of job and other effects of the CPP.² However, some questions were not fully answered there. For example, the EPA described jobs directly gained and lost, but not "indirect" employment effects like jobs in supplier industries. Similarly it noted possible impacts on electricity prices, but not their job effects.

Dr. Josh Bivens of the Economic Policy Institute (EPI) conducted a further analysis to fill in these gaps and produced the just-released study "A Comprehensive Analysis of the Employment Impacts of the EPA's Clean Power Plan,"³ This background paper is based primarily on his findings.

This briefing paper has been produced by the Labor Network for Sustainability (www.labor4sustainability.org) to help trade unionists understand and take informed action to help shape the CPP. LNS was founded in 2009 based on an understanding that long-term sustainability cannot be achieved without environmental protection, economic fairness, and social justice. LNS helps workers and environmentalists engage in order to help our society address the deepening crises of climate and inequality. LNS believes we all need a livelihood and we all need a livable planet.

² Environmental Protection Agency (EPA). 2014. Regulatory Impact Analysis for the Proposed Carbon Pollution Guidelines for Existing Power Plants and Emission Standards for Modified and Reconstructed Power Plants.

<http://www2.epa.gov/sites/production/files/2014-06/documents/20140602ria-clean-power-plan.pdf>

³ Josh Bivens, "A Comprehensive Analysis of the Employment Impacts of the EPA's Clean Power Plan," *Economic Policy Institute*, June 9, 2015 http://www.epi.org/publication/employment-analysis-epa-clean-power-plan/?utm_source=Economic+Policy+Institute&utm_campaign=26b9c8a34e-EPI+News+06+12+156+12+2015&utm_medium=email&utm_term=0_e7c5826c50-26b9c8a34e-55949185



WHAT IS THE CLEAN POWER PLAN?

The Clean Air Act requires the EPA to regulate emissions that are likely to endanger public health and welfare. In 2007 the Supreme Court ruled that EPA must apply the Clean Air Act to GHGs. After extensive study the EPA concluded that GHGs were indeed likely to endanger public health and welfare. In June, 2014 EPA issued the Clean Power Plan to protect against this threatening form of pollution.

The CCP creates a target for carbon emissions reduction for the power plants in each state. States have the initiative in developing plans to meet the targets. States can use four "building blocks" for reduction:

- lowering emissions from individual plants, for example by closings or carbon capture
- switching from coal to natural gas
- switching to renewables
- lowering demand or increasing efficiency

States can also join together to establish a regional cap-and-trade system that requires power plants to purchase permits when they release CO₂, thus in effect putting a price on carbon.

The CPP requires all coal-fired power plants to meet the requirements of the plan by 2020. The final EPA rule is scheduled to be issued June, 2015, but legal and congressional conflict could delay it at any point. State rules are due June, 2016, but some states may be granted an extra year if they pursue complex legislation.

HOW WILL THE CLEAN POWER PLAN AFFECT JOBS?

The bottom line news about the effect of the CPP on jobs is likely to come as a surprise to those who have heard dire warnings that the CPP is a "job-killer." While the CPP will add some jobs to the economy and eliminate some others, its overall effect will be to increase total jobs by about 360,000 through 2020 and it will continue to increase jobs through 2030.⁴

⁴ Bivens, 1. Bivens also evaluates the effects the CPP will have on electrical costs and the resulting impact on employment. While the CPP will raise the cost of electricity somewhat, it will actually reduce consumers' electrical bills because its energy efficiency provisions will reduce the amount of electricity they use, even if the price is higher. Bivens projects that any CPP employment effects will disappear by 2020. Bivens, 2.



Because state plans have not yet been designed, there is “great uncertainty” about the CPP’s precise economic outcomes.⁵ Further, the CPP is a very small factor in a big economy whose 140 million jobs are constantly changing and whose workers are constantly shifting from job to job – what’s sometimes called labor market “churn.” So the effects of a policy like the CPP are very small in relation to the total number of jobs being gained and lost every year in the economy and the number of workers who are changing jobs. Nonetheless, every job is a source of livelihood to somebody -- any job is important if it is your job. So it is important to evaluate carefully both the gains and the losses that will affect individual workers, their unions, and their communities.

The EPA’s regulatory impact analysis indicates that less electricity will be produced from coal-fired power plants; more will be produced from gas-fired plants; and new wind, solar, and other renewable energy sources will be expanded. Energy efficiency investments in homes, businesses, and industry will accelerate. For example, there will be investment in more efficient home appliances and insulation; better heating, ventilation, air-conditioning, and lighting in commercial buildings; and improved instrumentation and control systems in factories.⁶

How will these changes impact employment? Bivens takes as a baseline for comparison the number of jobs that would exist in 2020, 2025, and 2030 without the CPP. He then asks how many and what kinds of jobs will be added or eliminated as a result of the CPP. In other words, he compares the effects of the CPP not with today’s jobs, but with the jobs that would exist in the future without the CPP.

Between now and 2020, the CPP will require large investments in renewable energy and energy efficiency. It will also reduce jobs in power plants and mining. The new “direct” jobs created by 2020 will outnumber the jobs lost by 96,000 jobs.⁷

An even larger number of jobs will be created by indirect effects of the CPP. These include supplier jobs, jobs created when workers spend wages from direct jobs, and government jobs supported by increased tax revenue. These indirect effects will generate 264,000 more jobs in 2020 under the CPP than would have existed without it.⁸

⁵ Bivens, 2.

⁶ Bivens, 3.

⁷ Bivens, 2.

⁸ Bivens, 7.

The largest categories of increased jobs for 2020 are:

- 16,160 construction
- 20,573 HVAC equipment manufacturing
- 12,970 Engine, turbine and power transmission equipment manufacturing
- 30,388 electric lighting manufacturing

The following table provides Bivens's projections for the jobs that would be gained and lost a result of the CPP:⁹

	GAINS			LOSSES			NET		
	2020	2025	2030	2020	2025	2030	2020	2025	2030
Oil & Gas Extraction	5,050	2,700	0	0	0	2,000	5,050	2,700	-2,000
Coal Mining	0	0	0	12,600	15,300	17,300	-12,600	-15,300	-17,300
Electric Power Generation, Transmission & Distribution	0	0	0	11,663	20,425	24,300	-11,663	-20,425	-24,300
Construction	16,160	3,203	1,313	0	0	0	16,160	3,203	1,313
Plastics Product Manufacturing	953	0	0	0	345	129	953	-345	-129
Machine Shops: Hardware	1,389	0	0	0	503	188	1,389	-503	-188
Fabricated Metal	2,104	0	0	0	4,633	5,977	2,104	-4,633	-5,977
HVAC Equipment Manufacturing	20,573	17,269	17,440	0	0	0	20,573	17,269	17,440
Engine, Turbine & Power Transmission Equipment Manufacturing	12,970	0	0	0	5,107	8,048	12,970	-5,107	-8,048
Machinery Manufacturing	2,937	0	0	0	1,064	398	2,937	-1,064	-398
Communications Equipment	551	763	771	0	0	0	551	763	771
Electric Lighting Manufacturing	30,388	42,114	42,530	0	0	0	30,388	42,114	42,530
Household Appliance Manufacturing	2,624	3,637	3,673	0	0	0	2,624	3,637	3,673
Electrical Equipment Manufacturing	4,164	3,342	3,695	0	0	0	4,164	3,342	3,695
Other Electrical Equipment & Component Manufacturing	1,627	0	0	0	589	220	1,627	-589	-220
Design Services	1,152	0	0	0	4,288	5,848	1,152	-4,288	-5,848
Management, Scientific & Technical Consulting Services	8,113	0	0	0	0	0	8,113	0	0
Scientific Research & Development Services	1,945	0	0	0	704	263	1,945	-704	-263
Services to Buildings & Dwellings	7,238	10,031	10,130	0	0	0	7,238	10,031	10,130
TOTAL	119,938	83,059	79,552	0	0	0	95,675	30,100	14,880

Of course, the CPP represents only a small proportion of the jobs that could be created by climate protection programs in the future. A recent study proposed a plan to reduce greenhouse gases 40% over twenty years, leading to a net increase of 2.7 million jobs and a 1.5% reduction in unemployment.¹⁰

⁹ Bivens, 17, Table 2.

¹⁰ *Green Growth: A U.S. Program for Controlling Climate Change and Expanding Job Opportunities*, Robert Pollin, Heidi Garrett-Peltier, James Heintz, and Bracken Hendricks. Political Economy Research Institute and Center for American Progress, September 2014.



HOW CAN WORKERS BE PROTECTED FROM SIDE-EFFECTS OF THE CLEAN POWER PLAN?

Despite the overall job gains, the CPP will also cause job losses for two groups of workers.¹¹

- Coal mining jobs
 - 12,600 fewer in 2020
 - 15,300 fewer in 2025
 - 17,300 in 2030
- Electric power generation, transmission, and distribution jobs
 - 11,633 fewer in 2020
 - 20,425 fewer in 2025
 - 24,300 fewer in 2030

The jobs lost as a result of the CPP are relatively well-paid and are held disproportionately by unionized older white male workers with relatively little formal education. Industries losing jobs are 16.7% unionized whereas those gaining jobs are 9.7% unionized.¹² The biggest job losses will be concentrated in a few states, most of them relatively low-income.¹³

Jobs for coal miners have been decreasing for decades and will no doubt continue to decrease with or without the CPP. The Obama administration's 2015 budget proposed a "Power+ Plan" to provide new investments for economic transition in central Appalachia. It includes:

- \$1 billion over five years to restore lands and waters degraded by decades-old mining and support related sustainable development projects.
- \$56 million to invest in job training for laid-off miners and to support economic development efforts in Central Appalachian mining communities. This figure includes an additional \$20 million in job training for miners and power plant workers; an increase of \$25 million for the Appalachian Regional Commission's annual budget, to be directed at "communities most impacted by coal economic transition"; \$6 million more to the Department of Commerce for "place-based regional innovation efforts," including grants to economically distressed communities; and \$5 million more for the EPA's brownfields program to help communities deal with the closure of coal-fired power plants.
- \$3.9 billion over 10 years to shore up health and retirement benefits for many retired miners.¹⁴

¹¹ Bivens, 17, Table 2. A few hundred jobs will also be lost in scientific research and development services.

¹² Bivens, 11.

¹³ Bivens, 12.

¹⁴ "President proposes major new investments in Appalachian transition," Kentuckians For the Commonwealth, February 2, 2015 <https://www.kftc.org/blog/president-proposes-major-new->

The Power+ Plan can serve as a starting point for a comprehensive plan to counter the negative job effects of the CPP. A possible model would be the highly successful process that helped local communities adjust to the disruption and job shifting that resulted from the closing of military bases under the [Base Realignment and Closing Commission](#) (BRAC). Those communities were provided a wide range of Federal assistance, including planning and economic adjustment assistance, environmental cleanup, Community Development Block Grants, and Community Service Grants.

Workers dislocated by base closings also received extensive support. The Department of Defense itself provided advance notification of a reduction in force; pre-separation counseling; a hiring preference system with federal agencies to re-employ qualified displaced DOD employees; financial incentives to encourage early retirement of those eligible. Workers affected by base closings were also eligible for help under National Emergency Grants, “Rapid Response” programs, comprehensive assessments and development of individual employment plans, and job training.

Communities and individuals adversely affected by the CPP could be similarly targeted for assistance from such existing programs as the Department of Labor’s Rapid Response Services and the National Emergency Grants of the DOL’s Employment and Training Administration, as well as funding for economic development and industrial efficiency and modernization from the Departments of Energy and Commerce.

Because the needed resources are scattered among many different government agencies, the first step might be to establish an interagency task force composed of US agency officials overseeing issues of employment, energy and the environment. Their first task could be to create a transition package for coal miners, utility workers, and other affected workers that would provide robust financial and training support and preferential access to the new jobs created by environmental policies. That could be combined with vigorous support for economic planning and investment in the communities affected by the CPP, focusing on the development of new clean energy industries.



CONCLUSION

According to the *New York Times*, (6/2/14), "If the regulation survives the lobbyists and lawyers intact, the battles will move to state capitals as businesses, environmentalists and lawmakers joust in 50 separate arenas over the scope of the resulting rules." The arenas of those battles will include state legislatures, governors' offices, and utility regulators. Unions have both an interest in and an opportunity to participate in shaping state CPPs.

Unions can encourage plans that provide the maximum number of good jobs. That is likely to mean plans with a high level of clean energy investments. Clean energy investments require more labor than equivalent fossil fuel investments – they are more labor intensive. They also use a higher proportion of labor within the US – they have a higher domestic content.¹⁵ Each "direct job" creating clean energy will produce .7 "indirect jobs" for suppliers and .4 "induced jobs" that result from the wages workers spend.¹⁶ Energy efficiency investments produce the most jobs of all. Indeed, increases in energy efficiency investments account for more than half the CPP's direct job gains for 2020 and all the gains for 2025 and 2030. They also account for a large proportion of the indirect job increases.¹⁷ Unions have an interest in promoting state CPPs that emphasize clean energy and particularly energy efficiency investments.

Unions can encourage CPPs that provide a "just transition" for coal and utility industry workers and their communities. This can include state programs and legal and regulatory requirements on electric utility companies.

Unions can encourage CPPs that promote environmental justice for working class and poor communities. Coal-fired power plants are heavily concentrated in less affluent communities, so downsizing or closing them will immediately improve those community's health and environment. But because such communities are often politically weak or disfranchised, there is always a risk that CPPs will emphasize programs that leave them as or even more vulnerable to health and environmental threats.

Finally, unions can encourage CPPs that protect their members, their communities, and their posterity by ensuring genuine, effective, and rapid cuts in GHG emissions to protect the global climate. Climate change is a here-and-now threat to workers as to all of us. CPPs that effectively protect the climate are a protection for workers and their unions against unimaginable catastrophe.

¹⁵ Green Growth, 29.

¹⁶ Green Growth, 258.

¹⁷ Bivens, 10.



Unions can pursue CPPs that reflect jobs, just transition, environmental justice, and climate protection objectives by building alliances among environmentalists, labor, and environmental justice advocates. Such plans are likely to emphasize renewable energy, energy efficiency, manufacturing, and conservation. With strong alliances built around effective unifying plans, unions can be a powerful force in shaping state CPPs.