



March 21, 2018

Dear Brothers and Sisters:

On March 2nd the Washington State Labor Council, AFL-CIO, as part of the Alliance for Jobs and Clean Energy, filed a carbon fee and investment initiative to the people for the 2018 ballot. The Attorney General's office has given the initiative the number 1631.

I-1631 is a critical policy for addressing climate change and for protecting and growing jobs for our unions and labor movement in Washington State.

I-1631 will create cleaner air to breathe and cleaner water to drink for our grandchildren and future generations. But it will also create over a billion dollars a year of investments in creating infrastructure, clean energy, and natural resource jobs.

I-1631 outlines investment criteria which gives preference to investments that pay prevailing wages, use apprenticeship utilization, sign community workforce agreements with local hire provisions, that use materials and products with low carbon content ("domestic content"), and where employers have complied with federal and state employment and health and safety laws and regulations.

Union labor will sit on the public Oversight Board and will co-chair the clean energy fund – the largest of the three funds created by I-1631. Two union members will also sit on the Economic and Environmental Justice Panel which oversees the \$50 million "Just Transition" account which provides wage and benefit (health and pension) replacement and retraining benefits to dislocated fossil fuel workers, including building trades workers contracted at the refineries.

Employment in energy intensive and trade exposed industries (EITEs), e. g., aluminum, steel, cement, pulp and paper, etc., will be protected. EITEs will be exempt from the carbon fee to prevent any leakage of jobs or pollution out of state. We want these good union industries to expand and prosper in Washington State.

I-1631 will be like having an additional capital budget every year. The carbon fee will bring in about \$1.3 billion a year that will create thousands of public and private sector jobs at the same time we improve the health of our air, water, forests, and communities by significantly lowering carbon emissions.

The transition away from fossil fuels has begun but without much labor input. I-631 changes that by placing union labor at the table with strong employment standards, strong investment criteria, and a strong voice. I-1631 is a win-win for the Washington State Labor Movement and for our public and private sector unions.

Over the next two months I will be talking with our labor councils and affiliates about I-1631. If you would like to invite me to address your Executive Board or membership meeting about I-1631, please contact Janet Hays, jhays@wslc.org, and we will get to you as soon as we can.

Thank you.

In Solidarity,



Jeffrey G. Johnson, President
Washington State Labor Council, AFL-CIO
321 – 16th Avenue South
Seattle, WA 98144
206-254-4908 Office
360-259-7327 Cell
jjohnson@wslc.org



I-1631 Protect Washington Act Review of labor, jobs, and equity components April 16, 2018

The need for equitable and pro-jobs climate action

We know addressing climate change is necessary and important. We also know that we can and must take climate action in ways that create and support good jobs and promote equitable communities, instead of creating policies that simply re-create an economy run by and for the 1%.

Opportunity to set a model

We also know that at present, climate leadership will have to come from states rather than the federal government. Other regions including California, the US Northwest states, and British Columbia all have carbon pricing policies though all have flaws, including the need to guide investments towards creating and supporting family-sustaining jobs. Washington has the opportunity to set a better model.

Creating and supporting jobs in a clean energy economy

The “Green New Deal for Washington State” report says that meeting our climate challenges in Washington State can create **up to 41,000 jobs per year**, with average wages up to \$90,000.¹ The Economic Analysis of Water Infrastructure and Fisheries Habitat Restoration Needs study in 2017 found that investing fully in water infrastructure in Washington State would result in a stimulus effect of over \$50 billion in our economy and **support over 16,000 jobs annually**.² *The Protect Washington Act would contribute to meeting these goals.*

What’s in it?

- Findings and determinations: “The transition to the clean energy economy will have tremendous economic and job growth benefits. Washington's tradition of innovation and technology development combined with the funding available under this chapter will increase economic opportunity, enhance economic and environmental sustainability, and create and support family-sustaining jobs across the state.”
- \$1.3 billion dollars per year will be generated by a fee on carbon emissions, which will be invested in:
 - Over **\$900 million per year in Clean Air and Clean Energy** (70% of total)
 - Over **\$300 million per year in Clean Water and Healthy Forests** (25%)
 - Approximately **\$65 million per year in Safe Communities** (5%)
- This will result in huge new investments *akin to a new capital budget* – creating and supporting jobs in:
 - Clean energy, electric vehicles, battery storage, deep energy efficiency retrofits

¹ <https://www.peri.umass.edu/publication/item/1033-a-green-new-deal-for-washington-state>

² Economic Analysis of Water Infrastructure and Fisheries Habitat Restoration Needs, WA OFM, 2017. www.ofm.wa.gov/reports/WaterInfrastructureReport.pdf

- Industrial efficiency including carbon sequestration
- Water infrastructure, stormwater projects, flood management
- Forest management to reduce forest fire risk
- Rural broadband installation to reduce vehicle miles travelled, and more.

Carbon reduction: 20 million metric tons of carbon reduced.

The policy will help Washington meet targets of *40% CO2 emission reductions* (vs 1990 levels) by 2035.

Investment criteria will encourage projects that support workers and communities

- **Buy Clean:** Preference for low-carbon materials, encourages domestic sourcing and clean local manufacturing
- **Labor standards:** “Support of high quality labor standards, prevailing wage rates determined by local collective bargaining, apprenticeship and preapprenticeship utilization and preferred entry standards, community workforce agreements with priority local hire, procurement from women, veteran, and minority-owned businesses, procurement from and contracts with entities that have a history of complying with federal and state wage and hour laws and regulations, and other related labor standards”
- **Safety:** Reduced worker and public exposure to pollutants.

Investments will be targeted to communities that need them most

- Pollution and health action areas prioritized
- Much of investment money must go to areas burdened by unemployment, pollution, and other factors – this means money will flow towards rural economic development.

Exemptions for industries at risk of being pushed out of state

- Energy-intensive trade-exposed industries would struggle to stay in business if they have to pay a carbon fee when competitors in other regions don’t. Moving their jobs and emissions out of Washington would be a lose-lose outcome for the climate and our workers. So 1631 exempts them.
- The list of exempt industries includes aluminum (including Kaiser Aluminum), steel, pulp and paper, cement, glass and others.
- Other regions like CA where such industries have been exempt have not seen job loss in these sectors due to a carbon price.

Oversight and accountability

- Oversight Board with Clean Air and Clean Energy, Clean Water and Healthy Forests, and Economic and Environmental Justice Panels
- Labor co-chair for Energy panel, and at least 2 labor members on Economic & Environmental Justice panel (which includes Just transition investment oversight)
- Evaluation reports every four years including greenhouse gas reductions, worker hours created and job quantity, quality, and access supported by the policy

Just Transition

- Most substantial just transition policy in the nation, with at least \$50M set aside (replenished), and more if needed for fossil fuel industry workers.
- “Worker support may include but is not limited to full wage replacement, health benefits, and pension contributions for every worker within five years of retirement; full wage replacement,

health benefits, and pension contributions for every worker with at least one year of service for each year of service up to five years of service; wage insurance for up to five years for workers reemployed who have more than five years of service; up to two years of retraining costs including tuition and related costs, based on in-state community and technical college costs; peer counseling services during transition; employment placement services, prioritizing employment in the clean energy sector; relocation expenses; and any other services deemed necessary by the environmental and economic justice panel.”

Ultimately, this policy is not perfect, but it makes significant improvements on previous climate policies, written with all parties making compromises to gain consensus. There is potential to create many jobs and set a strong new standard for just transition for workers and communities. Labor will have numerous seats at the table for longer term shaping of the outcomes through rulemaking and oversight. And while in other regions climate policies are often written without labor at the table, in Washington state there is a much stronger attempt to prioritize workers, jobs, and economic justice.