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TO: Chair Dembrow and Chair Helm
Members of the Senate Committee on Environment and Natural Resources
Members of the House Committee on Energy and Environment

FR: Barbara Byrd, Oregon AFL-CIO

RE: *Oregon AFL-CIO Testimony on SB 557*

I am writing on behalf of the Oregon AFL-CIO, representing 300,000 working Oregonians, to share our thoughts regarding SB 557. Thank you for the opportunity to testify regarding this bill, which would establish a carbon pricing system in Oregon.

The Oregon AFL-CIO has worked for a decade or more to make sure that workers' interests are considered in the development of climate policy. With our in-state and regional partners from labor, the low-income community and environmental organizations, we have advocated for climate policy that guarantees economic health and sustainability as well as equity.

Some significant provisions have been incorporated into SB 557 to address these goals, at least in part:

1. Tying carbon pricing to the creation of good jobs with a future

The shift away from fossil fuels and toward clean energy will create job opportunities for Oregonians in two ways – by facilitating the growth of new clean energy sectors and by encouraging new economic activity in existing sectors. We want to ensure that these jobs are well-paid, career track, local jobs that contribute significantly to preserving or enhancing environmental quality. Included in our conception is the notion that there should be pathways into these jobs for underrepresented groups. SB 557 contains provisions that seek to accomplish this goal, at least in the construction industry. Included in the bill are provisions requiring the use of high road and project labor agreements, registered apprenticeship and responsible contractor provisions on funded construction projects. The proposed Climate Investments Grant program also incentivizes the use of domestically produced products, which could potentially benefit Oregon manufacturers.

2. Equity for communities

We believe that assistance to disadvantaged communities is essential to a fair and just climate policy. SB 557 provides such assistance by setting aside funds for these communities in the Climate Investments Account and Grant programs. Careful monitoring must assure that these funds are accomplishing the goals set for them.

3. Compliance flexibility to protect Oregon industry against leakage and other adverse impacts

We have advocated for a climate policy that would maintain and grow our existing manufacturing base. The transition to a clean and efficient energy economy can, if not properly carried out, pose a threat to this existing base. Heavy manufacturing, in particular, has already suffered major losses due to unfair trade, offshoring, and other factors. SB 557 attempts to address this issue by distributing free allowances to “covered entities that are part of an emissions-intensive, trade-exposed industry”. It will be necessary to carefully monitor the program to assure that this approach is effective, and to adjust it as necessary to protect existing facilities.

4. A “just transition” for vulnerable workers

We believe that climate policy must *not* be developed on the backs of workers who might suffer economic hardship or insecurity as a result. We have therefore advocated for last-resort “just transition” provisions for such vulnerable workers, in consultation with the unions that represent them: for financial assistance, including extended unemployment benefits, relocation assistance, and bridges to retirement; and for retraining where appropriate. SB 557 establishes a just transition fund to accomplish a portion of these provisions – “economic diversification, job creation, job training and other employment and mental health services”. We support that approach and would like to see it expanded.

5. Participation by labor representatives in policy-making and implementation

Our labor community contains many experts in this arena – union leaders who are knowledgeable about manufacturing and construction, about health care, about workforce training and apprenticeship, and about the development of career pathways for low-income Oregonians into good jobs. It is crucial that labor’s expertise be integrated into the development of policy and its implementation and evaluation. SB 557 includes provisions for labor representation on the Greenhouse Gas Cap and Investment Program Oversight Committee as well as the Just Transition Grant Program and the Climate Investments in Disadvantaged Communities Advisory Committee. These are roles for which labor is well-suited, and which we welcome.

6. Transparency and accountability

SB 557 establishes an Oversight Committee to help ensure that the program is achieving its emissions reductions aims, but also to make sure that benefits are distributed equitably, and vulnerable communities and workers are adequately protected. This is a significant provision.

7. Adequate funding and staffing for state agencies that administer climate policy.

It is of course crucial that this complex policy be effectively administered, and that agencies charged with its administration be adequately staffed and funded.

Thank you, again, for the opportunity to testify regarding SB 557 and the efforts to create a fair, just and effective carbon pricing mechanism for the state from the perspective of working Oregonians.