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February 6, 2018

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, Secretary-Treasurer, Oregon AFL-CIO

RE: Oregon AFL-CIO Testimony on SB 1507 and HB 4001

I am writing on behalf of the Oregon AFL-CIO, representing 300,000 working Oregonians, to share our thoughts regarding SB 1507 and HB 4001. Thank you for the opportunity to testify regarding these bills.

***We have not taken an official position on the bills.*** However, we have followed their progress closely, and during the Fall of 2017, I served on the Environmental Justice and Just Transition work group. We especially appreciate the attention that Chairs Dembrow and Helm have paid to workforce and labor standards during the process, and the incorporation of just transition provisions into both bills. I would like to address those issues briefly in this testimony.

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 1507 and HB 4001 to address these goals:

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

The shift away from fossil fuels and toward clean energy can 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 members of impacted communities. SB 1507 and HB 400 contain provisions that seek to accomplish this goal, at least in the construction industry. For example, the bills include *provisions encouraging the use of registered apprenticeship and responsible contractor*

*safeguards on funded construction projects. High road and project labor agreements are also referenced, and we would like to see their use required on larger projects.*

The proposed Climate Investments Fund incentivizes the use of products manufactured in the US, which could potentially benefit Oregon manufacturers. This latter provision, we believe, could be significantly strengthened by *requiring that such products account for a higher percentage of overall costs for all construction projects funded by revenue from the program.*

## **2. 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. The two bills attempt to address this issue by *distributing free allowances to emissions intensive, trade exposed facilities.* It will be important to carefully monitor the program to assure that this approach is effective, and to adjust it as necessary to protect existing facilities.

## **3. 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 therefore support the inclusion in these two bills of a 15% revenue set-aside for workers who might be impacted by the program, and we urge that worker representatives be included in all activities aimed at allocating these funds.* While retraining can be helpful, it is not a panacea for all workers. Just transition must also include *on-going financial assistance, including extended unemployment benefits, relocation funds, and bridges to retirement.*

## **4. 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. The two bills include a *requirement of two seats for labor on the DEQ Program Advisory Committee and the Compliance Offsets Advisory Committee.* *It is particularly important that labor also be included in the HECC’s work on just transition allocations and activities.*

## **5. 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.*

## **6. Impacted Communities**

Finally, we are *supportive of the bills' efforts to assist impacted communities* with adaptation and mitigation projects, and to assure that members of these communities benefit from economic development, and family-supporting job creation that occurs as a result.

Thank you, again, for the opportunity to testify regarding SB 1507 and HB 4001, and for your efforts to ensure that this type of policy takes labor and workforce issues into account.