



District 12

Gaylan Z Prescott
District Director

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Sent by email: kate.gordon@opr.ca.gov

Kate Gordon, Director
Office of Planning and Research
Office of Governor Gavin Newsom
1400 10th Street, Suite 100
Sacramento, CA 95814

Dear Director Gordon,

I write to you on behalf of United Steelworkers District 12 regarding Governor Newsom's executive order from last year that set up the process to design the state's first Just Transition Roadmap by July 2021.

As you know, our union includes the workforce at California's oil refineries. These workers are highly skilled and highly paid for the dangerous work that they do every day. They take these jobs to afford high housing costs, to be able to afford to send their children to school, to have high quality health insurance, and to know that they can retire with dignity. Our mission is to protect and retain those jobs.

While public policy decisions often have economic impacts, the governor's executive order will likely have significant impacts on our members' livelihoods and lives. Our nation does not have a history of successfully navigating economic transition in a way that strategically protects workers, keeps communities whole, and manages the change. California has the ability to change that regrettable history.

From discussion with our local union leaders in California, here are several recommendations from our union to ensure a just and equitable transition:

1. Industrial planning regarding oil demand

Although the state is deploying incentives for more electric vehicles, demand for oil will remain for some time in California and the surrounding states. As part of the state's work under the transition plan, it must manage and maintain the supply to meet that demand. This process would fail if the CA refineries close, thousands of workers are laid off, and we import refined

product to meet that demand. In short, California needs to manage this energy transition rather than just letting the market decide.

We understand that the state is currently reviewing regulatory requirements regarding refineries shifting from refining oil to biofuels. While this is needed, biofuels will not be a transition solution for all refineries in the state.

The State must conduct analysis and planning around the trajectory of refineries including:

- What does the state know about the prospects for this sector going forward?
- Are there projections for how many refineries will be needed to provide fossil/jet fuel?
- Is there any intelligence on the projected pace of closure or transition?
- What is the state doing to protect refineries and then import refined products?
- What is the state's role in regulating the transition to renewable fuels?

2. Prioritize economic develop that retains jobs

The state must play a role in economic development generally, and specifically in the counties and regions that lose significant jobs due to the energy transition. There are three key areas of consideration that the state must address.

First, the state should investigate all policy options to incentivize technology options to keep refineries operating with a current workforce to meet regional demand for fuel. This may be carbon capture technology, expanded use of hydrogen, conversion to biofuels, or other technologies that the oil industry is currently considering deploying. This will require a dialogue with industry and careful planning to ensure that the demand and supply for fuel are carefully calibrated to line up. It also may require coordination with federal officials for investment resources.

Second, the state should participate in and promote regional and industry partnerships to build out industry on the site of former refineries and in refinery communities. Working with industry partners and local government, California could incentivize the deployment of demonstration projects by these existing companies on existing sites with existing workers. The state's involvement in this discussion can also help ensure that former oil workers are prioritized for new, high-quality jobs by driving state investment to those companies who commit to hiring displaced or potentially displaced workers. However, this will require a state, county, and/or regional plan to identify priority geographic areas, companies, and technologies.

Finally, economic diversification is important, and the state must have a vision for that both inside and outside of the energy sector. We must intentionally replace blue-collar industrial jobs with new blue-collar industrial jobs. The bottom line is that jobs need to be high-road, union jobs. Our union is eager to work with you to grow union jobs, raise wages, improve benefits, and assist companies that treat workers fairly.

3. Ensure that job training and job placement programs are relevant, accessible, and utilized by impacted workers

Our members who work in oil refineries are highly trained. They operate complex processes and know how to respond quickly to abnormalities to prevent catastrophic incidents. However, the skills required to operate a refinery are not easily transferrable to other work. This may not be the case for tradespeople, but it would be a false assumption to think that all energy workers can just pick up and get hired in a clean energy job.

While retraining may be an option for some workers, the state needs to ensure that training programs are tied to placement in actual jobs. Our union has developed successful labor-management training programs that include very important on-the-job training. We also have experience in partnerships with community colleges.

The state can help with that in a few ways:

- Identify employers or potential employers who will hire former refinery workers
- Conduct skill mapping of existing skills of workers who will potentially be displaced and investigate new technologies or industries where those skills may be transferrable
- Expand outreach through unions and the community to reach workers as soon as a potential layoff is announced
- Assign a case manager to ensure that individual eligible workers know about retraining and job placement programs

4. Develop a dislocated worker assistance program

Our union looks at this piece of policy like an insurance policy – you hope you never have to use it, but you're glad it's there if you do. The COVID-19 pandemic has shown the utility of ensuring that Americans are helped through hard times with increased unemployment and access to healthcare. We've also seen the success of federal programs like the GI Bill that allowed members of the military access to education and a bridge to other careers.

That said, when policy decisions are so directly connected to displacing workers, California has an obligation to keep those workers from falling off a cliff. We urge you to develop a program that includes the following elements for displaced workers:

- Wage parity or gap coverage if they take a lower-paying job, including a bridge for those close to retirement
- Pension guarantee, which is very important in the context of bankruptcies
- Healthcare contributions and/or financial assistance to buy insurance in the CA marketplace to ensure that workers and their families don't lose access to healthcare
- Covered costs for retraining or education for workers and their children
- Wraparound services like transportation, childcare, career planning, access to broadband, and other critical services for those in retraining programs
- Relocation assistance for workers who must move to take a new job

- Presumption of eligibility for this program for certain groups of workers including the permanent workforce at California's refineries

5. Keep communities intact

Keeping a community intact is critical to ensuring that businesses want to locate there and workers are able to find quality jobs that allow them to stay in the community. Public services like garbage collection and utilities continue uninterrupted, schools must provide high quality education, emergency services must have adequate resources to respond to calls, and public spaces must be maintained.

The loss of refineries means a loss of enormous tax revenue to a community, which can threaten these features of everyday life. The just transition discussions must include a discussion of how to provide a bridge to impacted communities that lose tax revenue. Prevention of a domino effect of a downturn of services will be especially important in the long-term economic prosperity of these communities.

5. Talk to workers

One of the most important ways you can understand the true impacts on workers and the fear of job loss is to talk to workers. Our union is eager to share with you the trauma, stories, and outcomes for the workers who lost their jobs at the Marathon refinery in Contra Costa County last fall. We also hope that you will speak to workers at refineries that are operating to understand the fear and the needs that those workers would have.

We thank you for your consideration of our recommendations in this letter, and we look forward to continued conversations about how we can retain Steelworker jobs in California.

Sincerely,



Gaylan Z. Prescott, District 12 Director
United Steelworkers (USW)

cc. Sara L White, Senior Advisor, Jobs and the Economy, OPE
Shrayas Jatkar, Interagency Policy Specialist, CA Workforce Development Board