



The Need for Federal Support to Ensure Just Transitions for Local Energy Economies

Colorado is the first state to develop a detailed [statewide plan](#) to help workers and communities transition away from coal as an economic driver. In that process, we have learned some valuable lessons that can benefit other states and the nation as a whole. Chief among them is the critical role the Federal Government can and should play to ensure a “just transition” for fossil-fuel workers and communities.

Key to the success of any state’s just-transition strategy is the active partnership of the Federal Government. Specifically, the Federal Government can:

- ***Lead a national strategy for impacted fossil-fuel workers***
- ***Address local budget shortfalls due to loss of property taxes and other revenues***
- ***Help finance state and local economic development, resiliency, and diversification efforts***

The nation’s transition to new sources of energy will create many thousands of new jobs and significant economic opportunities throughout the economy. Still, there will be job losses and difficult challenges for existing fossil-fuel communities and workers. In Colorado, several thousand high-paying jobs are likely to disappear over the next decade as we transition away from coal as a fuel for generating electricity. Tens of thousands of other coal jobs will likely disappear from other states, from Wyoming to West Virginia, over the same period.

These changes are the result of a fundamental transition in energy markets and the nation’s response to the global climate crisis. **But while this shift may be both essential and inevitable, we have a choice as to how traditional energy workers and communities will experience it.** With their skills and hard work, they have powered our nation’s prosperity for generations. In 2019, Colorado acknowledged a moral obligation to ensure they continue to share in our nation’s prosperity, and it established the nation’s first state Office of Just Transition, along with an advisory committee representing affected parties and stakeholders.

States have a critical role to play in advancing a “just transition” for fossil-fuel workers and fossil-fuel communities. But they cannot do it alone, especially when it comes to worker-related strategies that may cost significant amounts of money. Nor should they – most of the coal that has fueled our economy is concentrated in a handful of states with relatively small populations. For example, Wyoming and West Virginia combined account for over half of the nation’s coal and more than a third of the nation’s coal miners, but only one-half of one percent of the nation’s GDP.

These states should not be left to fund [worker](#) transitions on their own. The entire country has benefited from their work, and the Federal Government must therefore play a strong role in ensuring consistent and equitable transitions for workers throughout the nation.

Nor should states be left to fund [community](#) transitions on their own. Coal facilities are usually among the largest economic drivers and property tax payers in their communities. And while successful transitions must be driven at the community level and build on local strengths, assets, and visions, the Federal Government is the *only* partner with the capacity to provide consistent and equitable financial support for these efforts.

1. A national strategy for impacted fossil-fuel workers

Colorado's Just Transition Advisory Committee made significant recommendations for how the public sector can assist coal workers as they transition to good jobs elsewhere in the economy (or to retirement when appropriate). These recommendations include training strategies, assistance with job searches and related expenses, and temporary income support.

These recommendations recognize the difficulty of the transition many workers will face. But they also will be costly to implement (we estimate they will total at least \$100 million in Colorado alone, and more in other states with much higher numbers of coal workers), which is why the Office of Just Transition has not endorsed them in their entirety as a state-funded strategy. Leaving the development and financing of worker transitions to individual states will lead to a hodgepodge of responses, with some states able to provide varying levels of assistance to displaced workers and other states unable to provide any support at all.

A uniform national approach would avoid such disparities, while making just transitions more affordable and effective. And by spreading the responsibility across all 50 states, it would be a fairer approach. The Federal Government is in a far better position than individual states to establish and fund uniform benefits for all energy workers in transition. It may also be able to do so relatively simply, in part by amending existing programs (such as the Trade Adjustment Assistance program) that already provide assistance for other displaced workers. We believe extending existing national programs to cover displaced fossil-fuel workers would be a much better solution than relying on states to construct and fund their own programs from scratch.

2. Address local budget shortfalls due to loss of property taxes and other revenues

Local communities often depend on coal mines and power plants for a large portion of property taxes and other revenue that support local schools and other critical infrastructure and services. The loss of these revenue streams could be devastating to many communities, making recovery much more difficult.

In Colorado, we estimate it could take the creation of over \$3 billion in new commercial property value to replace the property taxes that will be lost due to the closure of the state's coal mines and power plants. That will take time, and meanwhile these communities will need to continue to provide essential services. The ability of individual states to backfill for the loss of local revenues until new employers and economic drivers take their place will vary significantly -- and in all cases will be difficult. Here again, the Federal Government can play an important (and temporary) role to help communities get back on their economic feet.

3. Finance state and local economic development, resiliency, and diversification

Effective local economic recoveries cannot happen from the top-down. They must be driven by communities themselves. But many of the most heavily affected communities in Colorado -- and throughout the nation -- are small and therefore will require additional technical and financial resources to lead and implement promising strategies. States can and should help. But, again, the Federal Government is the only partner in this process that can provide consistent financial support for these recovery efforts.