Investing in Coal Communities, Workers, and Technology: The Power+ Plan

Meeting Our Greatest Challenges: The President's Fiscal Year 2017 Budget

Under the President's leadership, we have turned our economy around and created 14 million jobs. Our unemployment rate is below five percent for the first time in almost eight years. Nearly 18 million people have gained health coverage as the Affordable Care Act has taken effect. And we have dramatically cut our deficits by almost three-quarters and set our Nation on a more sustainable fiscal path.

Yet while it is important to take stock of our progress, this Budget is not about looking back at the road we have traveled. It is about looking forward and making sure our economy works for everybody, not just those at the top. It is about choosing investments that not only make us stronger today, but also reflect the kind of country we aspire to be – the kind of country we want to pass on to our children and grandchildren.

The Budget makes critical investments in our domestic and national security priorities while adhering to the bipartisan budget agreement signed into law last fall, and it lifts sequestration in future years so that we continue to invest in our economic future and our national security. It also drives down deficits and maintains our fiscal progress through smart savings from health care, immigration, and tax reforms.

The Budget shows that the President and the Administration remain focused on meeting our greatest challenges – including accelerating the pace of innovation to tackle climate change and find new treatments for devastating diseases; giving everyone a fair shot at opportunity and economic security; and advancing our national security and global leadership – not only for the year ahead, but for decades to come.

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The United States is undergoing a rapid energy transformation, particularly in the power sector. Booming natural gas production, declining costs for renewable energy, increases in energy efficiency, flattening electricity demand, and updated clean air standards are changing the way electricity is generated and used across the country. These trends are producing cleaner air and healthier communities, and spurring new jobs and industries. At the same time, they are impacting workers and communities who have relied on the coal industry as a source of jobs and economic prosperity -- particularly in Appalachia, where competition with other coal basins provides additional pressure.

To help these communities adapt to the changing energy landscape and build a better future, the Budget is again proposing the Partnerships for Opportunity and Workforce and Economic Revitalization (POWER) Plus Plan. The POWER+ Plan invests in workers and jobs, addresses important legacy costs in coal country, and drives development of coal technology by providing

- Dedicated new resources for economic diversification, job creation, job training and other employment services for workers and communities impacted by layoffs in coal mines and coal-fired power plants.
- Unprecedented investments in the health and retirement security of mineworkers and their families and the accelerated clean-up of hazardous abandoned coal mine lands, because a better

future must rest on a foundation that addresses the legacy costs of coal mining on lands and on coal miners, who have helped keep the lights on in this nation for generations.
- New tax incentives to support continued technology development and deployment of carbon capture, utilization, and sequestration technologies because coal will continue to be a critical part of the energy mix in this country and around the world.

SUPPORTING ECONOMIC DIVERSIFICATION AND JOB CREATION

The Budget provides $75 million for the implementation of targeted economic and workforce development strategies across a number of Federal programs. These funds will be aligned and leveraged through the POWER Initiative that began in FY2015, and will continue in FY2016 utilizing funding appropriated by Congress in the 2016 Omnibus. It will be expanded in FY2017, drawing on the proposed new funds summarized below. The Initiative – which is led by the Department of Commerce's Economic Development Administration (EDA) and involves the coordinated efforts of ten Federal agencies – implements the economic and workforce development components of the broader POWER+ Plan. It targets assistance through competitively awarded grants and other resources to partnerships anchored in communities impacted by changes in the power sector and coal industry, and their manufacturing or transportation/logistics supply chains (the "coal economy"). These funds will help communities diversify their economies; create good jobs in existing or new industries; attract new sources of job-creating investment; and provide reemployment services and job training to dislocated workers in order to connect them to high-quality, in-demand jobs. These investments include:

Department of Labor (DOL), Dislocated Workers National Reserve

- Using National Reserve funds, DOL provides grants to States that have recently experienced a significant dislocation event, such as a mass layoff or plant closing. These funds supplement job training formula grants to temporarily expand the capacity of States and local communities to provide reemployment services, job training, subsidized employment, and supportive services to help unemployed workers get back on the job.

  The Budget provides $20 million specifically to support workers dislocated from the coal economy. Along with funding already provided through the National Reserve, this will allow States and local areas to provide reemployment, training, and supportive services to these transitioning coal economy workers to help them get back to work in good jobs and careers.

Appalachian Regional Commission (ARC)

- The ARC is a regional development agency created to assist economic growth in Appalachian communities. Funds are awarded through a cooperative process with the governors of the 13 states that make up Appalachia.

  The Budget provides $120 million for the ARC, $50 million of which will be directed specifically to those Appalachian communities most affected by coal economy transition and will support a range of economic development planning and implementation activities, including developing entrepreneurial ecosystems, facilitating access to capital investments and new markets, and addressing barriers related to adequate water, sewer, and telecommunication infrastructure.

Environmental Protection Agency (EPA) Brownfields Program

- EPA provides grants through the Brownfields Program to communities to assess and cleanup brownfield sites, including through grants for Area-Wide Planning (AWP) when a comprehensive strategy is needed to address multiple brownfield sites in a single community. AWP grants may involve developing market studies, analyzing approaches for securing implementation resources, defining viable new end uses, prioritizing sites, and engaging a range of community stakeholders.

  The Budget includes increased funding for the Brownfields Program, of which up to $5 million is designated exclusively for AWP grants targeted to communities that are developing comprehensive strategies as part of assessing and cleaning up brownfield sites related to the coal economy.

The Budget also includes new resources for other federal programs that are leveraged by the POWER Initiative, including for USDA's Rural Economic Development Loan and Grant program, to target support for job-creating economic development projects in rural areas where changes in the coal economy are causing economic distress. In addition, the Budget provides funds to EDA to help advance and coordinate the POWER Initiative and other place-based economic development initiatives that support job and opportunity creation through implementation of locally-driven strategic plans in communities across the country.

ENSURING THE HEALTH AND RETIREMENT OF COAL MINERS AND THEIR FAMILIES

The Budget includes reforms to strengthen health care and pension plans that provide for the health and retirement security of over 100,000 retired coal miners and their families. Currently, the Department of the Interior's Office of Surface Mining Reclamation and Enforcement (OSMRE) makes annual transfers to three health plans administered by the United Mine Workers of America (UMWA) Health and Retirement Funds to provide benefits for retired coal miners and their families whose employers no longer contribute to their plans.

The Budget revises the formula for transfers of funds to the UMWA 1993 Health Benefit Plan by taking into account all beneficiaries enrolled in that health care plan as of this proposal's enactment. The Budget further accounts for those retirees whose health benefits were denied or reduced as the result of a bituminous coal industry bankruptcy proceeding commenced in 2012. Additionally, the Budget would transfer funds to the Pension Benefit Guaranty Corporation (PBGC) for the purpose of protecting the long-term solvency of the 1974 UMWA Pension Plan and Trust (1974 Pension Plan). The 1974 Pension Plan is significantly underfunded and approaching insolvency. Transfers would continue until that Plan is fully funded. The 1974 Pension Plan covers approximately 100,000 mineworkers and their families. The UMWA Health and Retirement Funds collectively pay about $1 billion per year in health and retirement benefits to health care providers and families in all 50 states, with the majority of benefits flowing to Appalachian states where coal economy job loss has been most severe.

BUILDING NEW DEVELOPMENT OPPORTUNITIES AND NEW JOBS IN ABANDONED MINE LAND COMMUNITIES

In order to address the continuing legacy of coal abandoned mine lands (AML) on the health, safety, environment and economic development potential of communities, the Budget makes available to States and Tribes $1 billion, over 5 years, from the unappropriated balance of the Abandoned Mine Reclamation Fund, administered by OSMRE, to create the Abandoned Mine Land Economic Revitalization (AMLER) Program. AMLER will invest in the reclamation of abandoned coal mine land sites and associated polluted waters, just as in the current AML program, but for projects where reclamation can be linked to job-creating economic development strategies that will help revitalize coalfield communities. AMLER will provide $200 million per year for five years to States and Tribes based on their historic coal production, and will target support to communities economically impacted by recent declines in coal mining activity.

DEPLOYING CARBON CAPTURE, UTILIZATION, AND SEQUESTRATION TECHNOLOGIES

The Budget provides two new tax incentives that will complement each other in driving the deployment of carbon capture, utilization, and sequestration (CCUS) technologies, which will enable additional technology improvements and drive down the costs of follow-on CCUS deployment.

The Budget provides $2 billion in refundable investment tax credits to new and retrofitted electric generating units (EGUs) that deploy carbon capture technology. Projects must capture and store at least one million metric tons of CO2 per year. Projects that treat the entire flue gas stream from an electric generating unit or set of units must sequester at least 50 percent of the CO2 in the stream. Projects that treat only a portion of the flue gas stream must capture at least 80 percent of the CO2 in the stream. No more than $800 million of the credits would be allowed to flow to projects that capture and store less than 80 percent of their CO2 emissions. A minimum of 70 percent of the credits must go to projects fueled by greater than 75 percent coal. The credits would be available for 30 percent of the installed cost of eligible property, which would include CO2 transportation and storage infrastructure in addition to EGUs. Eligible property includes only property that is part of a new project or retrofit placed in service after December 31, 2015.

The Budget also provides a refundable sequestration tax credit of: (1) $50 per metric ton of CO2 permanently sequestered and not beneficially reused (e.g., for enhanced oil recovery); or (2) $10 per metric ton for CO2 that is permanently sequestered and beneficially reused. The credit would be allowed for a maximum of 20 years of production.