Study of the Feasibility of a Transition to Retirement Program for Workers Close to Retirement Facing Job Loss or Transition Due to Energy Technology Sector Change

Presentation to the Clean Energy Technology Workforce Advisory Committee

June 26, 2025

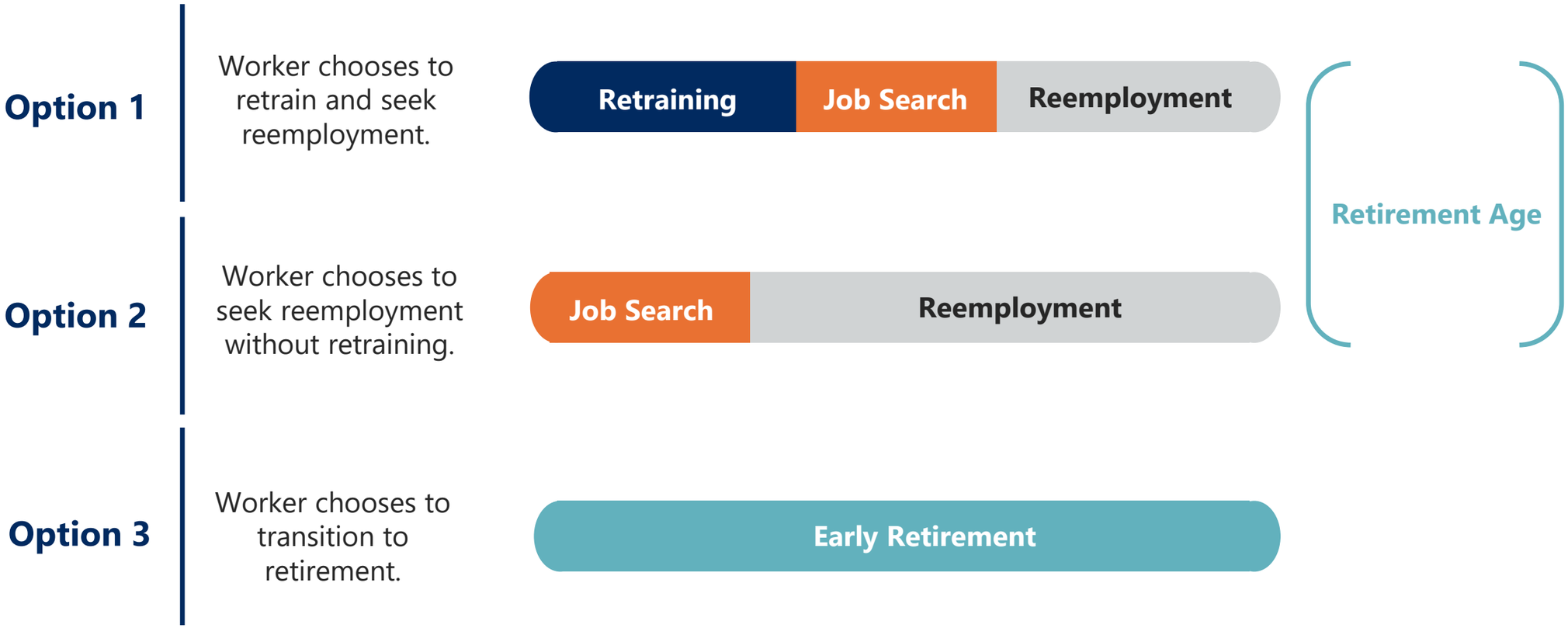
BERK

Study Background

- **2023:** Washington State Legislature passed the Climate and Clean Energy Service Workforce Programs bill (House Bill 1176)
- HB 1176 established the Clean Energy Technology Workforce Advisory Committee and included a task to conduct a study of **"the feasibility of a transition to retirement program to preserve income, medical, and retirement benefits for workers close to retirement who face job loss or transition because of energy technology sector changes."**

Potential Program Components

- **Options** for eligible workers.
- **Wage subsidies** and **healthcare premium subsidies** for workers who choose to transition to retirement before the workforce retirement age (Option 3).



Study Approach

- Reviewed **policy precedents** for reducing harm to workers and communities impacted by policy changes.
- Identified the components of a potential **"Transition to Retirement" program** that would meet the legislative mandate to preserve income and benefits for workers close to retirement age who face job loss due to changes in the energy technology sector.
  - Estimated **program costs** based on:
    1. The estimated **number of workers** to be impacted by job loss
    2. The estimated loss in **wages and benefits**.
    3. **Program costs** associated with retraining, job search services, and administrative overhead.

1 Number of Workers

Energy Workforce in Sub-Sectors Projected to Shrink Due to Energy Sector Changes

Workers Facing Job Loss Due to Energy Sector Changes (40%)

Workers Near Retirement

Employment projections from the Clean Energy Transition Institute / BW Research ***Net-Zero Northwest: Technical and Economic Pathways to 2050*** analysis

Converted total jobs to direct jobs based on the ***Washington State Office of Financial Management Input-Output Model Employment*** multipliers

Workforce age estimates based on the U.S. Census Bureau and U.S. Bureau of Labor Statistics ***Current Population Survey***

We estimate:

- **-41%** net total (direct, indirect, and induced) employment change from 2021 to 2050 across sub-sectors expected to face job losses.
- Approximately **13,000 direct jobs** lost from 2021 to 2050 in affected sub-sectors.
- Approximately **17%** of the affected workforce are ages 55-64 and **6%** are 65+.

1 Number of Workers

The number of eligible workers depends on:

- **The workforce retirement age:** A “typical” age for retirement varies across industries and occupations.
- **Near retirement threshold:** Number of months before workforce retirement age that a worker could be eligible for the program. For example, 12 months, 18 months, or 24 months.
- **Pattern of job losses:** In reality, job loss is likely to occur sporadically.

- Assuming a near retirement threshold of 18 months and job losses occurring steadily every year from 2021 to 2050, the number of eligible workers could range from 4 workers per year (with a workforce retirement age of 67) to 11 workers per year (with a workforce retirement age of 65).
- If job losses occurred every 5 years, the number of eligible workers could range from 20 workers per period (with a workforce retirement age of 67) to 55 workers per period (with a workforce retirement age of 65.

2 Estimated Wages and Benefits

- We estimated **per-worker costs** using data on average wages and healthcare premium costs in Washington state in 2023.
  - **$76,648** is the estimated annual wage for eligible workers, based on an average 75th percentile hourly wage.
  - Estimated costs to continue healthcare insurance coverage range from **$8,053** per year for a single coverage plan to **$17,136** per year for a family coverage plan.
  - We assumed that the program costs would be **$0** for eligible workers 65 years and older who are eligible to enroll in Medicare.
- With 100% coverage of subsidies, we estimated annual program costs per worker ranging from **$76,648** (assuming Medicare eligibility) to **$93,784** (family plan).

Based on Washington State Employment Security Department's ***Occupational Employment and Wage Statistics***

Based on average annual employer premiums plus a 2% COBRA continuation administrative cost using data from the ***U.S. Department of Health & Human Services Agency for Healthcare Research and Quality and U.S. Department of Labor***

Based on data from the ***Centers for Medicare and Medicaid Services***

3 Program Costs

- **Total program costs** depend on the number of eligible workers and per-worker costs, each of which are sensitive to program design variables.
- We illustrated an **estimated range** of program costs, assuming a near retirement threshold of 18 months and 100% coverage of wage subsidies:
  - If job losses occurred steadily every year from 2021 to 2050, total program costs range from **$339,791 per year** (with a workforce retirement age of 67 and eligible workers enrolling in Medicare) to **$1,177,980 per year** (with a workforce retirement age of 65 and family healthcare insurance coverage).
- These cost estimates include **10% program administration costs**, which would support staffing for the program and services such as outreach activities to potentially eligible workers. There may also be additional costs associated with certifying workers for program eligibility.

Program Feasibility

Policy Feasibility

- What is the role of government, industry, and labor for addressing hardships related to energy technology transitions?
- Are the benefits and burdens on workers and communities to implement a Transition to Retirement program equitably distributed?

Cost Feasibility

- Lower estimated total annual program costs than the WIOA Dislocated Worker Program, which provides career and training workforce services for individuals who have lost their job due to plant closure, company downsizing, or some other significant change in market conditions. However, the WIOA Dislocated Worker Program serves more workers compared to our estimated number of eligible workers for a Transition to Retirement program.
- Our significantly higher estimated per-worker costs are driven by the comprehensiveness of benefits designed to keep the worker whole after being laid off, ensuring minimal loss of income and benefits. This standard is higher than any other displaced-worker program we were able to identify.

Questions?