

Catholic Community Talking Points

Senate Climate Change Legislation

(Clean Energy Jobs and American Power Act (S. 1733))



Basic Message to Senators:

As the Senate begins consideration of the Clean Energy Jobs and American Power Act, the U.S. Catholic community is very concerned about both domestic and international provisions that are inadequate to address the needs of poor and vulnerable people at home and abroad. Call on Senators to increase funding for both international adaptation and domestic anti-poverty provisions.

While the primary vehicle at present (November 2009) is the Kerry/Boxer bill, Senators Kerry, Lieberman and Graham are crafting an alternative. We do not know when this bill will be available.

At this point, it is very unlikely that a bill will move in the Senate before the end of the year.

Overview:

Resources to assist the poorest countries adapt to climate change in S. 1733—like the House bill passed in June—**remain well below** what is needed to help the least developed countries adapt to climate change impacts: impacts that are already being felt. In both bills less than \$1 billion/year is allocated for a need that conservative estimates are approximately \$28 billion/year worldwide. The U.S., as historically the largest contributor to the problem of greenhouse gases causing climate change, as well as being the wealthiest country in the world, must commit a far greater share of its resources to help poor countries adapt. At a minimum, the U.S. should, in the near future, commit to a quarter of the need or \$7 billion annually.

*Both the House and Senate bills have adequate **provisions** to offset the likely rises in domestic energy costs resulting from a new "market" for greenhouse gas pollution. These energy cost offsets are primarily targeted to low-income consumers. Analysts estimate that approximately 15% of the revenue generated by the allocation of carbon permits must be returned to low-income consumers through energy rebates and reimbursements in order to hold them harmless from the impacts of the legislation itself. **The House bill contains adequate resources but the Senate bill does not.***

Unlike the House bill, S 1733 takes a portion of the revenue generated by this cap and trade approach for deficit reduction. This means that there is less funding for other purposes, including our domestic and international priorities. In other words, the "pie" is smaller to start with—about one sixth smaller. So the "slices" dedicated to our domestic and international priorities are also reduced.

What is needed for international adaptation:

- Both the Senate and the House must increase funding for international adaptation to \$3.5 billion annually (beginning in 2012) with increases to \$7 billion by 2020. Without a serious and substantial commitment to more funding for international adaptation, the Catholic community will be unable to support this legislation.

- This funding should be in addition to current commitments to U.S. foreign relief and development assistance
- This funding should not be at the expense of other Catholic community priorities, especially protections for poor people in the U.S. due to the impacts of climate change and climate change legislation

What is needed for low-income people in the U.S.:

- The Senate should mirror the House bill and allocate at least 15% of the revenue generated by the legislation to offset the likely rises in energy costs for low-income consumers. As currently written, the Senate bill will provide approximately one-sixth less funding for energy refunds and consumer rebates that are called for by the policy provisions.

More Detail...

What is the Clean Energy Jobs and American Power Act (S. 1733)?

This legislation is the primary vehicle in the Senate for reducing the greenhouse gases creating climate change. It utilizes a "cap and trade" approach: capping greenhouse gases by issuing permits to pollute thereby placing a price on each ton of carbon dioxide or equivalent. Energy-intensive industries, utilities and others subject to the cap may be allowed to trade allowances thus creating the market.

What is the Catholic Church's position on this legislation?

The U.S. Conference of Catholic Bishops and other Catholic organizations are deeply engaged in climate legislation. While they do not support or oppose any specific *approach* to reducing greenhouse gases (that is, they have not weighed in on a cap and trade vs. a carbon tax, for example), they will measure any legislative remedies to climate change on two broad criteria:

- *Care for Creation*: the legislation must begin to reduce greenhouse gas pollution and reflect the core Catholic belief that we are called to be caretakers of God's gift of creation and ensure that the earth's resources are available to all people, and
- *Care for Poor People*: climate change and public policies designed to address climate change and its impacts must not add to the burdens of poor people at home and abroad.

As Pope Benedict said in his recent encyclical, *Caritas in Veritate* :

"It is ... incumbent upon the competent authorities to make every effort to ensure that the economic and social costs of using up shared environmental resources are recognized with transparency *and fully borne by those who incur them, not by other peoples or future generations.*" [Emphasis added]

How might climate change policies impact low-income communities in the United States?

Restrictions of greenhouse gases produced by various sectors of the economy (utilities, manufacturing and transportation, for example), will require many to adjust the way they do business resulting in additional expenses. These expenses will likely be passed on to consumers. The Congressional Budget Office estimates that without some remedies to offset these expenses for the average household, an additional \$1,700/year can be expected. For many families, this will be an added expense but not too much of an additional burden. For low-income families this could mean that a larger portion of their limited resources will need to go to energy-related costs.

The costs of not reducing greenhouse gases, however, will cause economic difficulties that could far outweigh the short-term adjustments needed in moving to “cleaner” energy. Fortunately, both bills have provisions to address these adjustments.

How do these bills address rising energy costs for low-income consumers?

The bill provides two approaches to offset energy-related costs:

- Energy rebates: Retail gas and electric utilities will receive some of the allowances to enable them to provide credits on every consumer’s gas or electric bill. This rebate will be available to everyone regardless of income. With this provision, the average annual cost for all Americans will be \$160. For those in the bottom economic quintile, they will actually receive a benefit of approximately \$125/year.
- The bill also uses proceeds from the sale of 15 percent of the emissions allowances to reimburse low-income households for the higher costs they will face for energy and energy-intensive goods and services. This will be done primarily through the electronic benefits cards that many states already use to provide benefits for food stamps and other services.

What types of climate change impacts do you expect and why might poor countries need our assistance?

Many scientists already see dramatically-altered weather patterns. Increased flooding from more powerful storms and more prolonged droughts are two examples. Such events devastate subsistence agriculture—the type of agriculture poor families in vulnerable countries practice just to survive.

Longer-term impacts include receding glaciers. As less water runoff threatens agriculture and daily living, massive migrations of people leaving devastated areas in search of shelter and food could result. These impacts will undoubtedly also lead to a rise in conflicts between countries and triggering national security implications for neighboring countries.

Countries with already scarce resources and vulnerable populations do not have the revenue to address these additional infrastructure demands, agriculture failures, or to meet the basic needs of their people. Developed nations like the U.S. must assist because climate change is primarily a problem created by wealthy countries. It is only just and fair that we help those impacted by our past behaviors.

How do international adaptation (IA) projects addressing climate change differ from foreign aid?

International adaptation funding will assist poor communities:

- in countries (and in areas within countries) especially vulnerable to climate change;
- with particular interventions (disaster risk reduction and preparedness, watershed rehabilitation and protection, shifting to less climate sensitive agricultural practices, and addressing climate induced health problems);
- at a level commensurate with the scale of the climate change problem (significant resources very targeted), and
- for a duration needed to assist the community to adapt.

The current United States foreign assistance program includes some of the interventions required for international adaptation, but at a much smaller scale and targeted to general poverty needs. U.S. foreign assistance does not currently include a mechanism to target the level of resources to the particular places and interventions that climate change requires.

General U.S. foreign assistance also includes many activities that are unrelated or peripheral to international adaptation, for example: foreign military financing, assistance to countries of strategic importance, trade promotion assistance, and post-conflict reconstruction, among others.

How can we be sure that funding for International Adaptation is used effectively?

Effective international adaptation mechanisms need to employ the same principles and techniques as effective foreign assistance. Many of these principles and techniques have been elucidated as part of the Paris Declaration and other international efforts in which the U.S has been a party.

USAID will need to implement a number of recommendations to improve its effectiveness, such as developing a country-owned process of engaging government, civil society, faith-based organizations, and U.S. Private Voluntary Organizations (PVO's), in prioritizing needs and developing plans to address them.

Won't addressing climate change now contribute to an already hurting economy?

Crafted poorly, climate change legislation could be detrimental to a recovering economy. However, because new revenue is generated by this system, the impacts on the economy and on people can and must be offset. This is why the U.S. Catholic community, including the bishops, have insisted that money generated by greenhouse gas allowances be partially used to offset increased costs of adapting to climate change, rising energy bills (and related energy costs such as food and transportation), job transition for impacted workers and the real needs of the most vulnerable people and communities at home and around the world.

The proposals passed by the House and before the Senate meet these basic but important criteria in terms of policies. What is needed is more focused attention on increasing the funding for international adaptation in both bills and the domestic anti-poverty provisions in the Senate bill.