

Digest of Green Reports and Studies

Title	Designing Climate-Change Legislation That Shields Low-Income Households From Increased Poverty and Hardship
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URL	http://www.cbpp.org/10-25-07climate.htm
Summary	<p>The United States needs to address the climate change that can cause extensive environmental and economic damage. Efficient and effective policies to reduce greenhouse-gas emissions will increase costs for a wide array of energy related products. Low-income households need protection against these additional costs to avoid significant hardship and increased poverty.</p> <p>Climate-Change Legislation needs to be designed to generate the necessary resources to protect the low-income consumers; especially those in the bottom fifth of the income scale.</p>
Key Findings	<ul style="list-style-type: none"> • To offset the higher costs of energy and other prices due to Climate-Change Legislation, policymakers need to deliver assistance to low-income households in ways that are effective, efficient, and consistent with energy conservation goals. • Assistance for low-income consumers should meet certain standards. They should: offsets costs for the bottom fifth; reach as many as possible; cover increases for various energy-related expenses; operate proven delivery mechanisms; and phase up as emission controls phase in. Existing proposals do not meet these standards. • Reach most low-income households through an approach that is a combination of the Electronic Benefit Transfer (EBT) system, and the Earned Income Tax Credit (EITC). Supplemental help could be given through the Low-Income Home Energy Assistance Program (LIHEAP), and the Weatherization Assistance Program (WAP). • Use a “cap-and-trade” system to provide funding which is equal to about 14 percent of the value of the emissions allowance. This would be enough to cover the increased costs for the poorest fifth and to partially offset the costs for those with modestly higher incomes.
Recommendations	<ul style="list-style-type: none"> • Higher energy costs should be fully offset for people in the bottom fifth of the income scale. • Use a “cap-and-trade” system that auctions off emissions allowances to energy companies, rather than giving them away, which would generate sufficient revenue. • Policymakers should come as close as possible to reaching all low-income consumers. • Larger households should receive more help than small households, due to higher expenses. • Help low-income households with a wide range of energy-related expenses, not just utility bills. • Make delivery systems highly efficient, with low administrative costs, bureaucracy, and paperwork by using existing and proven methods rather than implementing new programs. • Amount of assistance should phase up as emission controls phase in. • Increase funding for the “Low-Income Home Energy Assistance Program (LIHEAP).”

	<ul style="list-style-type: none"> • Increase funding for the “Weatherization Assistance Program (WAP).” • Provide assistance through utility companies. • Provide grants to states or a government entity to allocate the funds to low-income households. • Provide a payroll tax rebate. • Provide a flat amount for most Americans through a refundable “climate-change income tax credit.” • Expand the Earned Income Tax Credit (EITC) • Use an Electronic Benefit Transfer (EBT) system that provides benefits through a debit card.
Definition of “Green”	<p>“Green” is referred to as “clean” energy:</p> <p>Reducing greenhouse-gas emissions to encourage efficiency and the substitution of “clean” energy sources for fossil fuel.</p>
Methodology	<ul style="list-style-type: none"> • Ranking households by quintile not by U.S. population. Examines the poorest fifth of the population, rather than the bottom fifth of households irrespective of household size. • Survey
Data Sources Cited	Congressional Budget Office, Bureau of Labor Statistics’ Consumer Expenditure Survey, CBPP Calculations, Energy Department’s Residential Energy Consumption Survey, National Journal
Report Geography	United States
Green Occupations Cited	None
Green Industries Cited	<ul style="list-style-type: none"> • Energy • Energy Assistance Programs • Energy Development and Conservation Programs, Govt. • Utility Companies • Fuel • Electricity • Transportation • Gas-Greenhouse • Manufacturing
Keywords	Climate-change legislation; “cap-and-trade” system; greenhouse gas emissions; clean energy; Earned Income Tax Credit (EITC); Electronic Benefit Transfer (ETB) System; Low-Income Home Energy Assistance Program (LIHEAP); Weatherization Assistance Program (WAP); climate-change rebate; climate-change tax credit; payroll tax rebate; low-income households.
Legislation Cited	S. 2191 – America’s Climate Security Act, sponsored by Senators Lieberman and Warner H.R. 3416 – Payroll Tax Rebate by Rep. John Larson
Bibliography (Y/N)	Yes
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