



The Business Case for EPA Action on Climate Change

The Environmental Protection Agency (EPA) monitors and enforces reductions in greenhouse gas emissions that cause carbon pollution and accelerate climate change. Cuts proposed in the Trump Administration budget would cripple EPA's ability to slow climate change which will result in damage to American businesses.

The National Climate Assessment unequivocally states that “the planet is warming, and over the last half century, this warming has been driven primarily by human activity.” There is near-universal consensus around the world that humans must reduce greenhouse gas emissions to avoid further temperature increases that trigger the costly disasters of climate change. The EPA implements federal laws that regulate carbon pollution, primary the Clean Air Act. In addition, the EPA provides funding for climate change research, grants to states to reduce carbon pollution, and funding for conservation programs, such as the EnergyStar appliance rating. Without adequate funding for the EPA, the federal government is shirking its duty to protect the American public from increasing climate change-related disasters and is abandoning this crucial task to the states.



Costs and Benefits to the Economy

Businesses continually assess risk, and climate change is a risk that more and more businesses are considering. The societal cost of carbon – the price society pays in lost agricultural output, compromised human health, increased flood-related property damage, and other byproducts of a warming planet – is estimated to be between \$37 and \$220 per ton of carbon released into the atmosphere. Citigroup research cites the cost of inaction on climate change to the U.S. economy could be as much as \$44 trillion by 2060.

Many vital American business sectors will be affected by climate change. For example, transportation of goods and services will be more costly and less reliable due to rising sea levels flooding airports, harbors, ports, roads, rail lines, tunnels, and bridges; disrupting supply chains and the movement of products from sellers to buyers. America's dominance in agriculture will also decline. The Risky Business Report states that within the next century, without major adaptations, states in the Southeast, lower Great Plains, and Midwest could lose 50% to 70% in average annual crop yields of corn, soy, cotton and wheat. And in all regions, crop and livestock production will likely decline from increased stress due to weeds, diseases, and insect pests. Construction and other industries requiring outdoor work will be limited by climate change. Labor productivity of outdoor workers in construction, utility maintenance, landscaping, agriculture and others could drop up to 3% by the end of the century. Overall, Americans will experience more severe weather with increasing damage and disruptions to local economies.

Business Views on Climate Change

Many American businesses of all kinds see the value of the U.S. slowing climate change by limiting greenhouse gas emissions. ASBC polling of businesses found that:

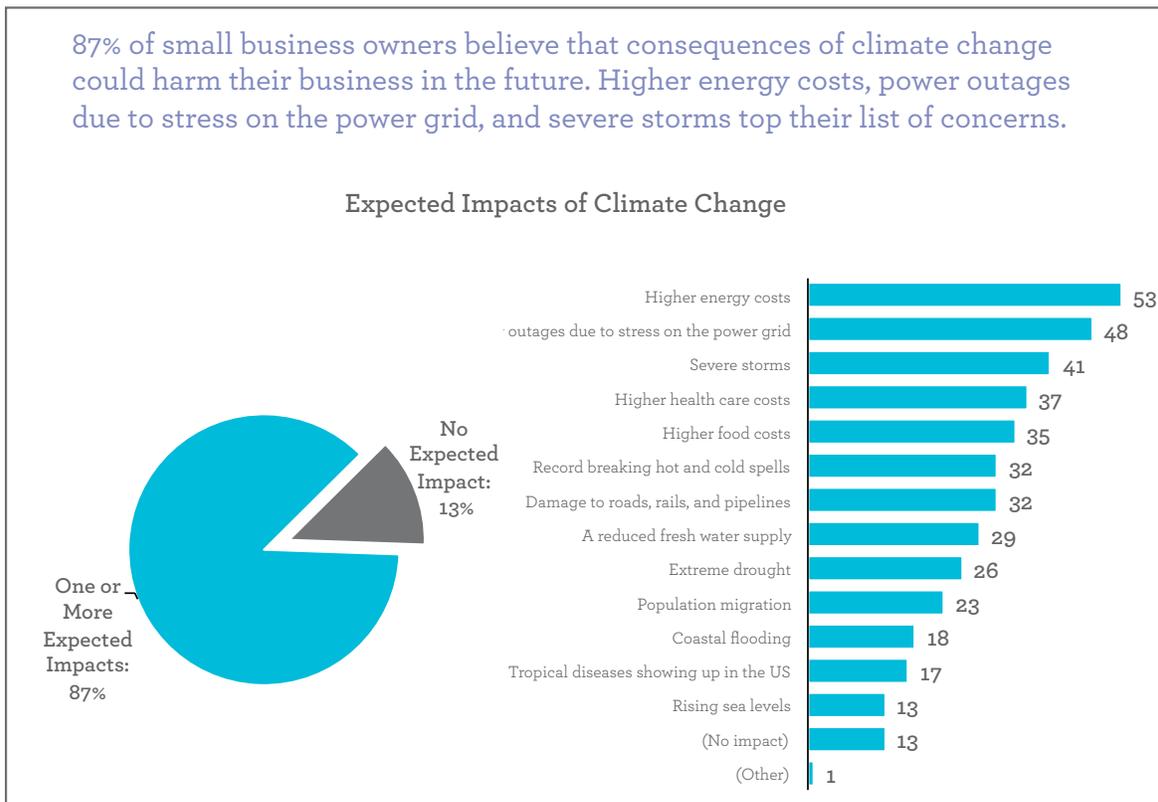
- 87% of business owners named one or more consequences of climate change as potentially harmful to their businesses.
- 64% of businesses believe government regulation is needed to reduce carbon emissions from power plants.
- 71% of mid-sized companies say extreme weather could have or already has had a negative impact on their business.

Many companies like Microsoft and ExxonMobil already include a price on carbon within their internal business plans. And thousands of U.S. companies have

pledged to act even when the Federal government won't, signing on to the "We're Still In" pledge to remain engaged in the Paris Climate Agreement to hold global warming to below 2 degrees. Additionally, more than 100 businesses, including major banks, insurers, and investors, have publicly committed to support recommendations covering climate-related financial disclosures. These companies represent over \$3 trillion in market capitalization, and their support underlines the growing trend for businesses to consider the impacts of climate change on their operations. And when companies have not proactively taken steps to address climate change, their shareholders are demanding it, such as a recent vote by Exxon shareholders demanding the company to begin reporting climate-related risks to its business.

Business Concerns About Climate Change

87% of small business owners believe that consequences of climate change could harm their business in the future. Higher energy costs, power outages due to stress on the power grid, and severe storms top their list of concerns.



Source: American Sustainable Business Council survey, July, 2014

What's at Stake

The Trump Administration's proposed 2018 budget includes catastrophic cuts to EPA services, imperiling the American public, our businesses, and our economy. These include:

EPM Greenhouse Gas Reporting – cut by 86% (Formerly Climate Protection Program)

This program develops and delivers data and strategies for industries, states, communities, and tribes to meet Clean Air Act obligations and other statutory requirements. Each year, the EPA uses data it collects from over 8,000 facilities to update estimates in the Inventory of U.S. Greenhouse Gas Emissions and Sinks. Data facilitates federal and state-level policy development and are shared with industry stakeholders, state and local governments, the research community, and the public. Proposed cuts also include the elimination of several partnership programs, including the popular ENERGY STAR program that helps buyers identify more energy-efficient appliances and equipment.

Research: Air and Energy – cut by 67%

The Air and Energy (AE) research program provides scientific information to EPA program and regional offices. Within the program, The Global Change Research program is eliminated. The program conducts scientific research that informs policy makers, stakeholders, and the public as they respond to climate

change. And Air Quality Research is reduced significantly impacting research on how climate change can impact air quality. The program also identifies co-benefits of reducing air pollutants that also reduce the impacts of climate change and develops adaptation and mitigation options to reduce carbon dioxide.

Grants: State and Local Air Quality Management – cut by 30%

These grants funds air quality programs implemented by multi-state, state, and local air pollution control agencies. Funding helps these agencies conduct and promote specific research, demonstrations, surveys, and training related to air pollution; to develop and implement programs to prevent and control air pollution to protect public health and the environment; to develop and implement emission reduction measures; and to develop and operate air quality monitoring networks.

Federal Stationary Source Regulations – cut by 27%

Under the Clean Air Act (CAA), the EPA sets standards for ambient pollutants considered harmful to human health and the environment, including several greenhouse gases. The CAA requires EPA's periodically review of the science on which these standards are based and of the standards themselves. These national standards are our foundation for air quality management and establish goals that protect public health and the environment.



What's at Stake, continued

Federal Support for Air Quality Management – cut by 24%

The states have the primary responsibility for developing clean air measures necessary to meet the national standards for ambient pollutants. This federal support helps states develop their specific plans and helps them implement, attain, maintain, and enforce standards for criteria pollutants.

Enforcement – overall cut of 19% (including carbon pollution-related enforcement)

Respect for the rule of law requires that regulations, once enacted, must be enforced. Severe reductions in EPA professional staff levels by approximately 280 people directly undermine legislators' intent and imperil Americans. Note that civil enforcement efforts alone achieve valuable results: in 2016, the EPA achieved commitments by companies to treat, minimize, or properly dispose of 62 billion pounds of hazardous

waste; to reduce pollution by 324 million pounds; and to invest an estimated \$13.7 billion in procedures and equipment to control pollution.

Federal Vehicles and Fuel Standards and Certification – cut by 18%

This program ensures compliance with national emission standards to reduce air pollution from light-duty cars and trucks, heavy-duty trucks and buses, and non-road engines and vehicles. The program also evaluates new emission-control technology and provides state, tribal, and local air quality managers and transportation planners with information on transportation programs and incentive-based programs. To help ensure compliance with national emissions standards, the program tests vehicles, engines, and fuels, and establishes test procedures for federal emissions and fuel economy standards.



Bottom Line

Climate change poses a significant economic and social threat to the country, and steps need to be taken to understand and limit these impacts. It is more urgent than ever to have the EPA at full funding for full functioning. The urgency of this nationwide need should be supported by Congress in the 2018 budget.