BLUEGREEN ALLIANCE

CREATING GOOD JOBS, A CLEAN ENVIRONMENT, AND A FAIR AND THRIVING ECONOMY

WRITTEN TESTIMONY

Jason Walsh
Executive Director, BlueGreen Alliance
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The CLEAN Future Act: Industrial Climate Policies to Create Jobs and Support Working Communities
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Thank you Chairman Tonko, Ranking Member McKinley, and distinguished members of the subcommittee. My name is Jason Walsh, and I am the Executive Director of the BlueGreen Alliance, a national partnership of labor unions and environmental organizations. On behalf of my organization, our partners, and the millions of members and supporters they represent, I want to thank you for convening this hearing today regarding the CLEAN Future Act and how it can help us rebuild our economy after the COVID-19 pandemic, while creating good jobs, reducing emissions, and revitalizing communities.

We remain in the midst of the COVID-19 pandemic-driven health and economic crisis, which Congress has taken historic action to address. Yet severe economic disruptions remain across our economy, with persistent unemployment, ravaged state and local government budgets, and workers struggling to stay safe on the job. And we know the reality is that we went into this pandemic with three ongoing and interconnected crises: economic inequality, racial injustice, and climate change. The COVID-19 pandemic has cast a harsh spotlight on the severe and disproportionate impacts of these crises.

The world's leading scientific organizations have been unambiguous that climate change is a dire and urgent threat and that the longer we delay, the stronger the action required. Over the last decade, we have witnessed the worsening impacts of climate change on our communities.

At the same time, the United States is struggling with deep and crippling economic and racial inequality. According to the Economic Policy Institute, "the bottom 90% of the American workforce has seen their pay shrink radically as a share of total income," from 58% in 1979 to 47% in 2015.[i] That is almost $11,000 per household, or $1.35 trillion in additional labor income. There is a direct correlation with the decrease of worker power

over this time, as the share of workers in a union fell from 24% in 1979 to under 11% in 2021.[ii]

The deck has been stacked even further against people of color. Data point after data point illustrates the dramatic inequities in our economy. For example, regardless of education level, Black workers are far more likely to be unemployed than white workers and, historically, unemployment rates are twice as high for Black workers. That disparity carries into the workplace as well, with Black workers paid on average 73 cents to the dollar compared to white workers. The wage gap persists regardless of education, and even with advanced degrees, Black workers make far less than white workers at the same level. It's no surprise then that while the poverty rate for white Americans sits at about 8.1%, for Black households, it's 20.7%.

The COVID-19 pandemic puts an even sharper focus on the harmful health impacts of this systemic racism. While Black Americans make up just 12.5% of the U.S. population, they represent 22.4% of COVID-19 deaths.[iii] Lower income communities and communities of color are also hit the hardest and are less able to deal with the impacts of the increasing natural disasters we're seeing, from wildfires and hurricanes to heat waves, droughts, and sea-level rise driven by climate change. As wages have fallen and economic mobility and power in the workplace has declined, working people are disproportionately vulnerable to these impacts.

We've seen clearly the danger of this status quo. We need to move urgently on economic recovery. And at the same time, we know that returning to "normal" is not good enough. The solutions to economic inequality, racial injustice, and climate change have to be addressed simultaneously.

Congress must therefore focus on legislative solutions that can tackle multiple of these crises simultaneously. The CLEAN Future Act is one such piece of legislation and lays a solid foundation to avoid the worst impacts of climate change, deliver public health and environmental benefits to communities, create and maintain good jobs, address economic and racial injustice head on, and create a cleaner, stronger, and more equitable economy for every one.

I will focus on a few of the key ways this bill helps to achieve these goals: by focusing on revitalizing American manufacturing and transforming our industrial base, investing in clean infrastructure in ways that create good, unionjobs, and ensuring fairness for workers and communities impacted by our nation's energy transition.

Supporting Clean Manufacturing & Industrial Transformation

First, the CLEAN Future Act includes an important focus on the industrial sector. As an integral part of a strategy to address the climate emergency head on—and in line with achieving net zero emissions economy-wide by 2050—we have the opportunity to modernize and transform our industrial base to make it the cleanest and most advanced in the world, while spurring the creation of a new generation of good, safe jobs manufacturing clean technology. This industrial transformation can bring dynamic industries back to communities that have been left behind by deindustrialization and under-investment, and provide a starting point for broadly shared growth and prosperity.

The industrial sector represents a significant source of U.S. emissions. In 2018, the largest sources of greenhouse gas emissions by sector were transportation (nearly 28%), electricity production (27%), and industry (22 %).[iv] However, distributing electricity by end-use reveals that the industrial sector is the largest source of emissions in the United States, responsible for 29% of emissions overall.[v]

Not only are industrial sector emissions large today, they have been growing and are projected to increase further. Globally, industrial sector emissions increased at an average annual rate of 3.4% between 2000 and 2014, significantly faster than total carbon dioxide (CO2) emissions.[vi] Industrial sector emissions are also growing at a faster rate than other sectors. Between 1990 and 2014, industrial sector emissions increased by 69%, while emissions from buildings, power, and transport increased by only 23%.[vii] Industrial sector emissions in the United States are projected to increase 17.6% through mid-century.[viii]

While other economic sectors are projected to see flat or declining emissions, these climate benefits will be offset by increases in industrial emissions under a business-as-usual scenario.[ix] Reductions in the power and transportation sectors, for example, are projected to be offset by an increase in carbon emissions from industrial sources.[x]

While emissions from a range of economic activities are included in the industrial sector, manufacturing accounts for roughly three-quarters of it. And within manufacturing, several key energy-intensive manufacturing sub-sectors are responsible for the majority of emissions.[xi] The six largest sources of industrial sector emissions, now and looking ahead, are chemicals, petroleum refining, iron and steel, food products, paper products, and cement and lime production. Tackling industrial sector emissions must be central to our climate strategy moving forward. In addition, such emissions reductions would support improved public health outcomes for workers and communities that live near manufacturing facilities.[xii]

At the same time, we need a holistic approach to retaining and growing manufacturing in the U.S., while also investing in these industries to make them the cleanest and most competitive in the world. The COVID-19 crisis has underscored the central importance of manufacturing to the country's economy and security, while revealing profound weaknesses in our critical supply chains. The crisis also has spotlighted the urgent need to curb industrial air pollution, which has contributed to increased mortality rates from COVID-19.

If done right, a robust federal commitment to rebuild American manufacturing can tackle emissions from this sector, support good, middle-class jobs across America, and help our economy recover in a way that we come out of this crisis more competitive in the global economy. The ability of U.S. manufacturers to produce clean technologies and to use cleaner processes will make them more competitive in a global economy in which market demand is shifting inexorably in that direction. The CLEAN Future Act takes several key steps in this direction.

Buy Clean

The CLEAN Future Act includes important "Buy Clean" provisions to support clean domestic manufacturing and ensure that the materials that go into our infrastructure projects—like steel and cement—are the cleanest and most sustainable available.

Buy Clean is a policy framework developed by the BlueGreen Alliance, alongside the United Steelworkers and Sierra Club, to support the procurement of sustainable materials and products for use in infrastructure and other public projects. Infrastructure materials produced in energy-intensive sectors—such as steel, cement, and concrete—produce a significant amount of industrial sector greenhouse gas and toxic emissions during the manufacturing process.

At the same time, the U.S. imports as much as it produces in industrial climate pollution. Each year, the U.S. imports manufactured goods with 1.4 gigatons of embedded greenhouse gas emissions—the same amount of climate pollution produced by all factories in the United States. combined.[xiii] Many of these materials could be produced by workers in the United States, but are now routinely imported from countries with lower environmental and health standards, or otherwise by facilities with higher emissions. This is known as the "carbon loophole." A recent report estimates that 25% of the world's total emissions pass through this "carbon loophole."[xiv]

Buy Clean can help address this problem. The U.S. federal government is a major purchaser of materials and products for use in infrastructure projects and beyond. Buy Clean policies would eventually require or incentivize spending these taxpayer dollars on materials that are manufactured in a cleaner, more efficient, environmentally-friendly manner. By incentivizing the use of lower-emission materials, Buy Clean policies can play a significant role in reducing emissions and driving further improvements in this sector—reducing industrial pollution and health impacts, while supporting family-sustaining jobs and building globally-competitive domestic manufacturing. Buy Clean policies can also help ensure that manufacturers will have a market for their goods if they make the investments needed to clean up their products.

We are currently seeing this policy play out in California. Led by the BlueGreen Alliance, Sierra Club, United Steelworkers, the Alliance for American Manufacturing, and other business, labor, and environmental organizations, a coalition was formed in 2016 to push for a new law in California that required state agencies to consider the embedded emissions of industrial products like steel and glass when contracting for state-funded infrastructure projects.[xv] Many companies in California already had to comply with stringent emissions standards and they were often losing out on public bids to lower cost out-of-state or foreign bidders.

After taking a hard look at the industry in the state, Buy Clean California was passed in the California legislature with bipartisan support and signed into law by Governor Jerry Brown on October 15, 2017. Beginning in 2019, Buy Clean requires contractors who bid on state infrastructure projects to disclose, via an environmental product declaration (EPD), the greenhouse gas emissions data for certain materials, such as steel and glass, produced in their facilities. In 2021, contractors will have to show that these materials do not exceed a certain emissions standard.[xvi]

As the world's fifth largest economy, California has substantial purchasing power;[xvii] Buy Clean California sends a powerful market signal to manufacturers to reduce their emissions in order to participate in the California market. Buy Clean California also works to level the playing field for manufacturers who have invested in clean, efficient manufacturing technologies and processes.

The Buy Clean approach allows California to help clean businesses and industries maintain their position as strong, global leaders on climate action. It creates motivation for suppliers to reduce their climate pollution and will no longer reward manufacturers with the most polluting plants. However, while Congress can look to California as a model, it must recognize in its design considerations the key differences between California and the nation as a whole.

Many U.S. manufacturers are in "energy-intensive, trade-exposed" (EITE) industries and are very vulnerable to global competition. Steel, glass, metal casting, pulp and paper, aluminum, and chemicals are all traded globally and purchased predominantly based on price in a global marketplace. Policies intended to reduce emissions could unintentionally—through increased costs to U.S. manufacturers—result in a phenomenon known as "carbon leakage." Rising costs could push production to manufacturers in countries with less stringent standards, which could ultimately result in an increase in global greenhouse gas emissions in the long term.

Congress therefore must be careful in crafting Buy Clean or other policies aimed at the industrial sector, particularly at EITE industries. That's why we strongly support the establishment in the CLEAN Future Act of an interagency transparency and disclosure program. There is a lot of information we still don't know about the federal procurement of key materials and the competitiveness of U.S. manufacturers across industries. This program is intended to enhance the transparency, quality, and availability of data used to calculate emissions of eligible materials in an environmental product declaration (EPD).

It does this in a few ways, namely by establishing a database to start collecting EPDs for eligible materials, providing technical assistance and financial support to manufacturers to create and submit EPDs, and then working through a stakeholder process to evaluate the EPD process, consider alternative approaches, and provide guidance to manufacturers who want to participate in the federal government procurement process. The bill also requires a report that quantifies and evaluates the level of spending and volume of eligible materials procured by the federal government and other key data points that will be foundational to establishing a Buy Clean program.

We believe these are necessary first steps to fully understand the impact that a future Buy Clean standard would have, and to ensure no unintended consequences for domestic competitiveness. We urge the committee to begin with this transparency and data collection process. We also urge the committee to consider going beyond Buy Clean California, to address the health impacts of industrial air, water, and land pollution and reward good business practices such as equitable hiring and high-road labor standards.

Direct Investment and Support for Manufacturers

Buy Clean policies must go hand in hand with a robust reinvestment in domestic manufacturing—both to ensure that the United States once again leads the world in manufacturing the technologies and products of the future and to ensure our manufacturers are the cleanest and most competitive in the world. Such investment must

include technical assistance, financing, and other support for domestic facilities to re-tool and upgrade their facilities and processes; investments to support and expand clean domestic manufacturing; and innovation to drive down costs and barriers to critical industrial pollution-reduction strategies.

The CLEAN Future Act includes a number of key provisions aimed at this including:

- Establishment of an Assistant Secretary of Energy for Manufacturing and Industrial Decarbonization to oversee programs related to manufacturing at DOE;
- Technical and financial assistance to assist manufacturers in deploying industrial energy efficiency and smart manufacturing practices; and
- Major grant funding to reequip, expand, and establish facilities to support manufacturing of clean energy technologies and components and industrial emissions reduction;
- The bill also expands and updates clean technology manufacturing loan and grant programs that include targeted support for advanced materials production such as the U.S. Department of Energy's (DOE) Advanced Technology Vehicles Manufacturing Loan Program and Domestic Manufacturing Conversion Grants program.

These steps provide an important foundation, but there is still more to be done to support reinvestment and modernization of our industrial base. This includes enhanced loan and grant funding for wide scale deployment of advanced emissions reducing processes and technologies at industrial facilities as well as significant new funds for full scale deployment of first-in-class ultra low emissions facilities across key energy intensive industrial sectors in America. There is also room for more aggressive action to fill key supply chain gaps in the clean technology and material supply chains, and support the responsible production, reclamation and recycling of critical minerals and materials and the products and technologies made from them.

These policies will help the U.S. achieve global leadership across clean technology manufacturing; cut emissions from the production of essential materials; upgrade and modernize the U.S. industrial base; and undertake a new generation of industrial development that rebuilds good American jobs and is clean, safe, and fair for workers and communities alike.

Ensuring Fairness for Workers and Communities

Lastly, as we work to rebuild our economy while tackling the underlying crises of climate change and inequality, we must prioritize equitable rebuilding and investments in those

workers and communities most in need, including those impacted by changes in our nation's energy system.

America's energy transition is well underway. But a transition that is fair for workers and communities isn't something that will happen organically. Prioritizing and targeting federal resources to workers and communities in places impacted by this shift needs to be a deliberate choice. We need a broad, holistic, and government-wide response that ensures fairness for energy workers and communities in a range of sectors, especially in light of the economic impacts of COVID-19.

This response must keep workers and communities whole, revitalize and diversify local economies, and address inequities while ensuring the retention and creation of—and accessible pathways into—good-paying, union jobs. This includes the recognition that the best approach to energy transition among workers and communities not already impacted is one that prevents economic disruption and employment loss.

BGA supports several structural reforms established in the CLEAN Future Act, which are foundational and necessary to achieve a fair and equitable energy transition of sufficient scale and ambition. This includes the establishment of:

- An Office of Energy and Economic Transition in the Executive Office of the President to coordinate activities concerning energy transition across the federal government;
- An interagency task force and stakeholder advisory committee to enhance coordination of relevant programs and activities intended to support adversely affected workers and communities;
- A program to provide financial assistance to local governments that have lost significant amounts of revenue due to permanent facility closures and to assist local governments in transition planning; and
- A program to fund one-stop, community-based organizations in affected communities to advise workers and communities in applying for assistance; conducting education and outreach activities; providing information on locally available training, counseling, employment opportunities, and wraparound services; and facilitating enrollment in training and educational programs.

These are critical first steps to establishing the kind of structure needed for an effective federal response to energy transition. These steps must go hand in hand with:

- An interagency grant program to ensure adequate funding and coordination across agencies and programs in order to provide effectively aligned and targeted federal resources and services to impacted communities and workers;

- Economic development and diversification to support existing jobs and the growth of diverse economic sectors to create good jobs, contribute to stronger, more resilient communities, and equitable opportunities for all people.
- A broad system of support for dislocated workers, including wage replacement and guaranteed pensions and healthcare, ensuring workers and communities can plan for transition in advance, and investing in wrap-around workforce development programs;
- Reclamation and remediation of sites to create jobs while restoring land and clean water, prioritizing hiring of local dislocated workers;
- Bankruptcy reform to protect workers, taxpayers, communities, and the environment during bankruptcies by closing loopholes in Chapter 11 bankruptcy law;
- Investments in infrastructure and manufacturing; if paired with labor, equity and environmental conditions, these investments can provide a much-needed jolt to local economies while delivering good jobs and public health and climate benefits to communities; and
- Ensuring investments are required or prioritized in communities and regions impacted by energy transition and that hiring of dislocated workers is required or prioritized. For example, the Clean Energy Manufacturing Grant Program established in Title V of the bill prioritizes applications in these geographies, the hiring of displaced workers, and a number of other provisions. These types of conditions should apply across the range of investments in the bill.

Ensuring Investments Maximize Benefits for Workers and Communities

The CLEAN Future Act includes a number of provisions aimed at ensuring that investments made throughout the bill maximize benefits for workers. The CLEAN Future Act includes critical infrastructure investments, including policies aimed at expanding our energy transmission infrastructure and increasing the resilience and effectiveness of our energy grid; supporting weatherization, resiliency, and energy efficiency retrofits, including at schools and public buildings; and funding for the build out of electric vehicle charging infrastructure, environmental remediation, water infrastructure, lead service line replacement, and to address leaking and dangerous natural gas distribution pipelines.

These are all investments that will boost our economy and create jobs, while simultaneously reducing pollution, combating climate change, and strengthening our communities. And—thanks to key cross-cutting provisions in the bill—these investments will deliver not only jobs, but quality, family-sustaining jobs.

The bill incorporates three cross-cutting provisions to protect American workers, including:

1. Requiring any project funded under the Act use iron, steel, and manufactured goods produced in the United States;
2. Mandating all laborers and mechanics employed by contractors or subcontractors on projects fully or partially funded by the Act be paid wages no less than the local prevailing wage for similar projects; and
3. Allowing federal agencies to require use of project labor agreements by contractors, on a case-by-case basis, when awarding contracts under provisions of the Act.

The people who build and rebuild our infrastructure projects should be well-trained, make a decent living, and work in a safe environment. Enforcing Davis-Bacon provisions that ensure workers are paid prevailing wages and utilizing project labor agreements (PLAs) can improve wages, training, working conditions, and project benefits. BGA supports these requirements and benefits extending across all projects funded by this bill.

Investing in infrastructure not only creates jobs at projects themselves, but can support a revival in the U.S. manufacturing sector, with the expansion of good job opportunities at all levels of the domestic supply chain. Ensuring all projects built with public resources are subject to Buy America and Buy American standards helps maximize the return on these investments to taxpayers and bolster American manufacturing.

In addition to these provisions, we encourage the committee to consider additional commitments to:

- Hiring and procurement policies that benefit low-income communities, people of color, and women and require or incentivize the hiring of dislocated workers, such as local or targeted hire;
- Targeting or prioritizing investments in energy transition and other disadvantaged communities, including low-income communities and communities of color;
- Community benefit/community workforce agreements that increase economic opportunities for communities and local workers—especially for people of color and low income communities; and
- Safety and health protections, support for apprenticeship and pre-apprenticeship programs, and other provisions and practices that improve training and access to jobs and career paths.

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In closing, we thank the committee for beginning this conversation and look forward to providing additional feedback and working with this Committee as you move forward this bill and your broader agenda for the 117th Congress.

Thank you again for the opportunity to testify today.

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