



Testimony of

The Honorable Douglas H. Palmer
Mayor of Trenton
Past President of The United States Conference of Mayors

before the

Senate Committee on Environment and Public Works
Subcommittee on Green Jobs and the New Economy

“Clean Energy Jobs, Climate-Related Policies and Economic Growth—State
and Local Views”

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Introduction

Chairmen and Members of the Committee, I am Douglas H. Palmer, Mayor of Trenton and Past President of The United States Conference of Mayors. We thank you for this opportunity to appear today on behalf of The U. S. Conference of Mayors, the national organization of the nation's mayors who represent the more than 1,200 U.S. cities with a population of 30,000 or more.

The Conference expresses its appreciation to the Committee and Subcommittee for holding this hearing today, especially as you continue to work towards the enactment of landmark energy and climate legislation during this Congress. The nation's mayors believe that strong energy and climate legislation is not only essential to slow the mounting threats of climate change, but also necessary to accelerate the nation's move to a green economy that will provide a new direction while creating millions of new green jobs.

On behalf of the Conference and its member mayors, we also want to express our appreciation to the Members of this Committee and others in Congress who have supported our call for an Energy Efficiency and Conservation Block Grant (EECBG) Program. We thank you for your commitment to fund this program as part of the American Recovery and Reinvestment Act.

As a New Jersey mayor, I am especially proud of the leadership of our Congressional delegation, which includes Senator Lautenberg and Senator Menendez, specifically their strong commitment to locally-based climate solutions through the EECBG program. In fact, it was Senator Menendez who joined with Chairman Sanders to initiate the provisions that created this program as part of the Energy Independence and Security Act of 2007. We wish also to commend and support Senator Sanders for his additional work on the Green Jobs Act.

As this Committee develops its climate legislation, we especially want to recognize Chairman Boxer and other Members on this Committee for your support of the EECBG program. Last year, this Committee approved comprehensive climate legislation that included a strong, multi-year funding commitment to this priority initiative.

Pending Climate Legislation

Directing funds through the EECBG program to locally-developed, community-based energy and climate strategies is a top priority for the Conference as this Committee develops its comprehensive energy and climate legislation. As such, the mayors strongly urge your support for provisions to accomplish this.

Last month during the Conference's 77th Annual Meeting in Providence, the nation's mayors renewed their support for comprehensive national climate legislation, including a cap and trade system and funding support for the EECBG program. Our resolution on this legislation is attached.

We see such a commitment in your energy and climate legislation as part of a broad, multi-pronged national strategy to reduce our nation's future carbon emissions. We know this will be a multi-decade effort, requiring active engagement and action by all levels of governments, the non-profit and private sectors and citizens in their communities. The national effort must begin in this Congress with enactment of strong and comprehensive climate legislation.

Mayors believe that the scale and complexity of climate protection requires an all-hands-on-deck response, and certainly no single level of government can address it. This explains why mayors and other local officials have been so single-minded in urging Congress to embrace and invest for the long term in local climate actions. The record of local action shows that, at the local level, we are making progress, but not at the pace needed to curb emissions at the levels required to avoid major economic, social and climate disruptions.

The nation's organizations of local elected officials are united on this question, and are urging this Congress to invest in locally-based energy and climate solutions. The Conference of Mayors is joined by the National League of Cities and National Association of Counties in urging Congress to direct a share of allowances to provide a sustained and predictable funding commitment to the EECBG program to support local climate action.

Our support for comprehensive legislation is based on the reality that a top-down, command and control regulatory regime is not sufficient on its own to meet the climate protection challenges that our nation faces. Quite the contrary, we need a mix of actions at all levels of government and in our non-profit and for profit sectors, including a mix of incentives and dictates as well as a mix of governmental roles, all moving toward our emission reduction goals. This balanced approach is especially critical – especially during the early stages of our climate protection work – to our shared agenda of expedited greenhouse gas reductions and green jobs creation.

U.S. Conference of Mayors Climate Protection Agreement

Mayors throughout the U.S. have been working on energy and climate protection, including the development of “green jobs” for some time, although we didn't always use this phraseology. Mr. Chairman, having served as a local elected official for more than two decades, including Trenton Mayor since 1990, I had the privilege to serve with one of your successors and Mayor Kiss' immediate predecessor, former Burlington Mayor Pete Clavelle. He was a local elected leader, who gave a strong and early voice to what is now a national movement on climate protection and sustainability,

At the Conference and among the nation's mayors, our leadership on climate protection came to the forefront under the leadership of Seattle Mayor Greg Nickels, now the current President of the Conference of Mayors, when he joined with 140 of his colleagues more than four years ago to pledge local actions to achieve the goals of the

Kyoto Protocol. This action launched a broad, mayoral-led national movement for action at all levels of government on climate protection.

This year, we will reach a significant milestone in this commitment to local action on climate protection, as we welcome the 1000th mayoral signatory to the Mayors Climate Protection Agreement. Today, more than one quarter of our population – more than 83 million people – resides in cities where a mayor has pledged action to curb their city's greenhouse gas emissions. Two years ago, we achieved the 500th milestone when my colleague, Tulsa Mayor Kathy Taylor, joined as a signatory to this agreement.

This Mayors Climate Protection Agreement also urges actions at the federal and state level to support mayors and their work on climate protection. Specifically, it calls for action by Congress to enact national climate legislation.

With the governors' panel just before my remarks, I should point out that our agreement also calls for state level action, and I want to commend my governor, Jon Corzine, for his strong leadership on these issues.

Through the work of mayors throughout the country, we have an understanding of what can and cannot be accomplished absent a full partnership with the federal government. This explains our strong support for immediate action on comprehensive legislation that will move us forward on a shared agenda to address our climate challenges.

For my part, I was a willing signer of the Mayors Climate Protection Agreement, even though my city labored for years to deal with shifts in the national and regional economy, including the de-industrialization of cities like mine and others. Initially, it was not immediately clear to me how the many economic and social challenges before my city could be at least partially addressed by action on climate protection. But the social and economic costs of doing nothing, along with the potential to create new local industries generating green jobs of the future, led me to take up these issues in earnest.

As the organization's president beginning in late 2006, I worked to make enactment of an energy and climate protection block grant the Conference's top priority. Given my own experience and certainly local challenges we face, especially in this economy, we have to accelerate a shift to a greener economy through a strong and enduring partnership with our national government that invests in local action. Thanks to you, Mr. Chairman, and so many others, this effort led to the enactment of the EECBG program, which at its core was all about climate protection. For many mayors, this initiative was always about the development of green jobs and green industries in their communities.

USCM Green Jobs Report

Mayors are absolutely certain and even confident that this shift to a greener economy will translate into additional jobs in our communities and throughout the U.S. We know that there is still much work to be done, especially at the local level – in our cities and

counties – to clear the path and speed the transition to a different energy future. If successful, we know our cities and other communities will be more sustainable and our citizens will benefit from an enhanced quality of life.

For many mayors including me, our climate-related actions – and there have been many – have often been inspired and motivated by the local economic development potential of a greener economy, one that is less carbon-dependent and generates additional green jobs and careers in our neighborhoods, cities, counties and regions.

This led the Conference to enjoin Global Insight to prepare a national study on the potential of green jobs, including analyses to support our efforts to measure our progress in developing green jobs at the metropolitan level. This October 2008 report, *U.S. Metro Economies – Current and Potential Green Jobs in the U.S. Economy*, prepared for the Conference’s Mayors Climate Protection Center, is the first of many analyses we will be undertaking on this issue.

We modeled three scenarios: increasing energy efficiency of new and existing buildings; shifting transportation fuels to a greater reliance on ethanol and biodiesel, and securing a much larger share of our electricity from alternative renewable energy.

Among the report’s key findings –

- There will be 4.2 million green jobs in the U.S. economy by 2038 if we achieve the goals of the scenarios, five times larger than the 2006 baseline of slightly more than 750,000 jobs nationwide.
- Green jobs will represent 10 percent of all new jobs by 2038, and will be the single largest source of new jobs in the economy.
- Where a metro area starts today, in terms of its current share of existing green jobs, is not necessarily where its economy will end up in thirty years, meaning that all local areas (metropolitan and non-metropolitan areas) have the opportunity to increase their relative share of the green economy.

A key feature of this analysis by Global Insight was the work they did to provide each U.S. metropolitan area with an estimate of current green jobs, what we are calling our metro green jobs index. Going forward, as we further refine existing data and develop new data and measures, local leaders will be able to track how their local areas are doing in developing and attracting green jobs, showing policy-makers and the public the quantifiable economic and employment benefits of a greener economy.

Over time, this will give us tools to “measure” the actual effects of our policies and investments. And, it will challenge those directly who assert that green jobs is simply a goal or vision, not a justifiable economic strategy.

This report and its analysis is just one part of the Conference's work on green jobs. Last month, thanks to support from the Wal-Mart Foundation, the Conference has invested directly in several city-led initiatives to develop green job training programs for their cities.

Notably, our Global Insight report is conservative, in that it does not provide a fully comprehensive assessment of the potential for green jobs in the U.S. economy. Let me cite two examples from the transportation sector not addressed in the report, since it is an issue area before this Committee.

Our scenario for green jobs in the transportation sector modeled the effects of switching to alternative fuels in vehicles, leaving out the many green jobs that will result as we reengineer our transportation infrastructure systems and operations to make them less carbon dependent. For example, *USA Today* reported last week on the explosive growth in car sharing programs over the last few years, one example of the many changes that are already underway in the transportation sector and in our communities and regions.

A compelling local example can be found in Denver Mayor John Hickenlooper, who chairs the Conference Transportation Steering Committee. The mayor was honored last month at our Providence Annual Meeting, winning our Mayors Climate Protection Award in the large city category for his leadership on rail transit development. Denver's FasTracks initiative is the largest single build-out of rail transit in the nation's history, leading to more than 100 miles of new rail transit service throughout the Denver metropolitan area.

This Committee's support for transportation funding eligibilities in earlier TEA laws helped lay the groundwork for this massive initiative in an earlier project, named T-REX, where a rail transit line was built simultaneously with improvements to Interstates 25 and 225. The FasTracks program and the T-REX project further underscore the importance of your upcoming debate on legislation renewing the SAFETEA-LU law, where mayors are pressing for greater local decision-making authority at the metropolitan level so that available resources can be deployed in new ways to promote such multi-modal solutions.

FasTracks will fundamentally redirect housing and development patterns in this vast and growing metropolitan area. When completed, this investment will reduce driving and congestion, curb oil dependency and greenhouse gas emissions and stimulate a host of related green-oriented investments and the thousands of green jobs that ultimately result from this initiative.

In my own city, more than one year ago, I set forth my "Trenton Green" initiative to put my city on a path to green collar careers, new green jobs and a greener economy. We went to work on a number of energy conservation, energy efficiency and renewable energy production initiatives, with a particular emphasis on developing green collar careers for our citizens. It is an effort that reaches out broadly to our citizens and

embraces new partnerships with the private sector, Non-profit agencies, the local utility, state government and its agencies, and the federal government.

We continue to move forward on this initiative, but the scale of the economic downturn we are facing is threatening our local energy and climate efforts. Again, I would underscore why a sustained and enduring commitment to the EECBG program, as we have proposed, is so critical to my efforts to weather this storm, and stay the course as we work to accelerate the development of green jobs and new green careers in my city.

My experience in Trenton is characteristic of so many cities and counties that were moving forward with their local green initiatives until recent economic conditions slowed or curtailed local investments and initiatives. In these cities and local communities, existing and new energy and climate strategies are being tested and launched, such as demonstrating new financing mechanisms using local property tax liens, the deployment of new technologies on public buildings and city operations, and activities that are helping grow new green businesses and green jobs. These are coupled with efforts to retrofit our vast inventories of buildings and reengineer our infrastructures and operations—all of which offer almost unlimited potential for green jobs; yet, the full implementations of such initiatives are threatened by prevailing economic conditions, as recent Conference surveys have shown.

With the significant commitments made in the ARRA law to the EECBG program, we are able to still move forward and make progress on these initiatives as we transition to a greener economy. We thank you in Congress and the new Administration for your leadership in making these investments in our future.

Metropolitan Economies and Green Jobs

Mr. Chairman, our nation's cities and their metro areas are the engines of our national economy. Our 363 metro areas are home to 86% of U.S. employment, over 90% of wage income and nearly 90% of our gross domestic product.

Therefore, we know that without the economic recovery of our cities and metros, there can be no U.S. recovery. Unfortunately, our cities and these metro economic engines are facing unprecedented economic conditions.

Earlier this year, the Conference released a forecast of metro unemployment for 2009, and this report found an amazing number – about one-third – of our metro economies will experience no employment gains for the decade. This is simply unprecedented. In a report last month on metropolitan employment, every one of the nation's 363 metro areas lost jobs.

These indicators remind us of the importance of why moving forward with a green economy is so important. Our success in this regard is linked to what happens in our metropolitan areas. In another Global Insight report prepared for the Conference, 94 percent of all U.S. economic growth over the next twenty years will occur in our nation's

363 metropolitan areas. These areas are where future energy demand will occur and where the battle to curb the growth in greenhouse gases will take place. It also means that our success in shifting to a green economy and the pace of green job development is fundamentally linked to what happens in these areas.

Again, this explains why we have been so vocal in advocating a commitment to the EECBG program, because it invests directly in the very cities and counties that underpin these metro economies. The EECBG delivery system ensures that a portion of the resources you distribute are place-based, investing directly in the very communities where we will succeed or fail in our shared agenda to curb climate emissions while growing our economy and creating green jobs.

Key Near-Term Policy Targets for Climate and Green Jobs

Mr. Chairman, the nation's mayors were strongly supportive of the ARRA commitments to green jobs and greener energy development and deployment, especially the legislation's commitment to the EECBG program. Today, most of the eligible cities and counties have filed their applications for these ARRA resources, with some already submitting their more detailed city and county energy conservation and efficiency strategies. Soon, we will begin to record and track the green jobs that result directly from this investment of resources as well as reduced carbon emissions that result from the range of EECBG-eligible projects and initiatives.

A large challenge before Congress is how we build upon this investment so that these activities prompt new strategies and structures to carry us beyond this infusion of initial resources. Certainly, it explains our strong interest in ensuring a continued funding commitment in the energy and climate legislation now under development in this Committee.

On behalf of the mayors, I wanted to share some of our thinking about our common efforts on energy and climate, as we move forward over the next several years. First, there is a need for investments in the easily achieved carbon reduction strategies. Much of the work of mayors has been about conservation as a top priority. The cheapest kilowatt or Btu is the one we don't consume. At the local level, this is all about human behavior and how we operate the systems we already have in place. Too often, these activities are discounted in the rush to debate out-year scenarios on power and energy development, overlooking the fact that our energy demand forecasts are driven by growth curves that could be systematically reduced by a stronger commitment to energy conservation, which is among the targets embedded in the EECBG program. For example, a vigorous standard for renewable energy's share of future electricity production becomes much easier to meet if future demand is reduced through the development of a strong conservation ethic in our local communities.

The nation's success in improving our recycling rates was grounded in a recycling ethic that grew from locally-based initiatives and public consensus at the local level for changes in our practices and behaviors. This grass-roots movement took hold and

fundamentally changed our assumptions about the future, what facilities were needed and the cost profile of these services.

We see similar gains in the energy and the climate area where additional policy focus on the simple goal of increasing energy conservation to reduce capital needs for future energy production and transmission, lowering the overall costs of achieving our climate goals in the out-years, and providing for carbon reductions today, not years in the future. To the extent that conservation measures go beyond behavior changes, the work will be more labor intensive – more green job producing – than other priorities. Dollars saved through these conservation and efficiency measures result in the recycling of more dollars within our local communities, as opposed to sending them to other places outside the local economy, including the purchase of foreign energy supplies. Mayors are looking for ways to keep a bigger share of their energy dollars at home to build local businesses and develop green jobs in our neighborhoods.

Similarly, the next cheapest kilowatt or Btu is the one produced from energy efficiency. Again, there is a body of evidence to support claims that a broad, national commitment to energy efficiency is another pathway to the production of more green jobs at less cost than new energy production.

Finally, we know that the most expensive kilowatt or Btu is the one that comes from new energy sources, and this is the one that is most problematic in reducing our total carbon emissions - unless it is generated from renewable resources.

As mayors, when we press you for a commitment to local energy and climate action, we are saying that we can't afford to overlook the powerful economic and climate benefits of conservation and the significant economic and climate benefits of energy efficiency. And, we are also saying that mayors have a strong track record in shaping human behavior, which is one of the underlying challenges we must address as we move forward.

This hierarchy of actions that I have just outlined is something that your legislation needs to fully embrace. In so doing, our call to invest directly in communities and in local consensus solutions through the EECBG program and other mechanisms can be seen in a context that has significant economic and climate benefits, helping us achieve emissions reductions at much lower costs.

My earlier reference to car sharing offers an example. These programs have been shown to lower household transportation costs, save families money and reduce auto use and vehicle miles travelled, lowering carbon emissions in the transportation sector while reducing massive capital requirements in the future to widen existing highway facilities in our complex urban environments.

Closing Comments

The bottom line, Mr. Chairman, is that we are in the midst of a perfect economic storm and local governments simply do not have the resources to maintain current services, let alone increase their commitments and do more to accelerate our transition to a greener economy. New energy and climate programs at the community level are in the near-term and long-term interest of the nation and are the key to our future prosperity. But they are simply out of reach unless we have resources, such as those provided by the EECBG program, to help us build on the momentum that we have begun through the Mayors Climate Protection Agreement and other initiatives.

Simply put, we believe that the EECBG program is one of the most important policy commitments you can make to stimulate the creation of green jobs, investing directly in the places where most of the nation's unemployed workers reside and where our future prosperity will be shaped.

ARRA gave us a significant jumpstart on this path to a greener economy, including the potential for thousands of green jobs in the near future and potentially millions over the next several decades. As the Committee moves forward on climate and other important legislation, we urge you to support measures that will invest directly in our communities to ensure that we fully realize this vast potential and achieve our shared energy and climate goals.

Chairmen and Members of this Committee, the nation's mayors strongly support your efforts as you move forward on these issues, and we fully support your efforts to fashion strong legislation to meet vigorous carbon emission reductions goals for the nation.

On behalf of the nation's mayors, thank you for this opportunity to appear here today.



CALLING ON CONGRESS TO PASS MEANINGFUL CLIMATE PROTECTION LEGISLATION

WHEREAS, cities house more than half of the world's population and are responsible for more than 80% of greenhouse gas emissions; and

WHEREAS, mayors have the unique opportunity and significant responsibility to implement programs that result in real emissions reductions; and

WHEREAS, cities are also the first responders to the impacts of climate change as increases in temperature, changes in precipitation patterns and storm events, and sea level rise change the way we do business; and

WHEREAS, strong federal climate policy will position this country to be competitive in the global economy, drive investment in new, clean energy solutions and create new, local jobs, aiding in our national economic recovery; and

WHEREAS, federal policy must also enable and provide resources for local action that is critical to global greenhouse gas reductions; and

WHEREAS, The U.S. Conference of Mayors has established policy on city priorities for the design of a federal cap and trade system to regulate national greenhouse gas emissions, including:

- Setting an economy-wide cap on greenhouse gas emissions that results in real reductions in greenhouse gas emissions consistent with the scientific consensus, or 80 percent reduction below 1990 levels by 2050;
- Avoiding "safety valve" provisions, and instead integrate alternative flexibility measures to help control costs, such as the use of offsets;
- Incorporating an accelerated schedule toward full auctioning of emission allowances;
- Distributing revenues generated by a cap and trade program to recognize the important role that local governments play in climate protection.

WHEREAS, in May 2009, the US House of Representatives Energy and Commerce Committee passed the American Clean Energy and Security Act of 2009 (ACES Act); and

WHEREAS, the ACES Act establishes the Global Warming Pollution Reduction Program, including the creation of an economy-wide cap and trade system; and

WHEREAS, the ACES Act does incorporate the following key elements of a cap and trade program, which make progress toward meeting city priorities:

- Pollution caps to reduce total GHG emissions 83 percent below 2005 levels by 2050;
- Use of offsets as a cost containment measure;
- Increasing percentage of allowances to be auctioned over time; and
- Considerable provisions for consumer protection

WHEREAS, the ACES Act includes additional key provisions that will enable US cities to more effectively develop and implement local climate protection initiatives, including:

- New energy efficiency standards (codes) for buildings, appliances and industry;
- Building energy performance labeling program to address energy efficiency potential in existing buildings;

WHEREAS, the ACES Act Global Warming Pollution Reduction Program does not currently recognize the key role that local governments play in implementing climate solutions through direct allocation of credits or auction revenues,

NOW, THEREFORE BE IT RESOLVED, that the US Conference of Mayors calls upon the United States Congress to pass the American Clean Energy and Security Act of 2009 in advance of the United Nations Climate Change Conference 15th Conference of Parties meeting in Copenhagen in December 2009;

BE IT FURTHER RESOLVED, that the US Conference of Mayors urges Congress to amend the ACES Act in consideration of the critical role that cities must continue to play in advancing solutions to reduce greenhouse gas emissions and adapting and responding to changing global climate conditions, to include:

- Support for enforcement as well as adoption of local energy and land use codes;
- Eliminate federal and state barriers to local financing programs that use property tax mechanisms to finance efficiency upgrades;
- Allocate federal transportation dollars directly to local governments to support increased investment in transit as well as bicycle and pedestrian infrastructure;
- Direct allocation of credits or auction revenues to cities for investment in climate mitigation, through such initiatives as the Energy Efficiency and Conservation Block Grant program, as well as adaptation initiatives, consumer protection and workforce development programs.
- Direct some funding achieved through a cap and trade system toward assisting high greenhouse gas emitting generators of electricity and research and development firms, dedicated toward finding cleaner energy solutions;
- Include tax exempt financing for Investor Owned Utilities to finance utility plant retrofits for clean energy.