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# Climate Change

## An Unfunded Mandate

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# Introduction and summary

There are many reasons why we should do something about climate change. One of them is that we cannot afford not to.

Roughly one year ago, Superstorm Sandy swept along the eastern seaboard from Florida to Maine, eventually reaching as far west as Ohio and Michigan.<sup>1</sup> The hurricane caused more than 150 deaths, damaged 659,000 homes, and disrupted millions of lives as transit systems, cellular phone networks, and other critical services failed or closed.<sup>2</sup> The region suffered \$65 billion in damages and economic losses, including power outages that temporarily closed 200,000 small businesses and led to 2 million lost workdays.<sup>3</sup> Almost a year later, in September, a catastrophic Colorado storm dumped a year's worth of rain in about 24 hours, washing away roads in Boulder and nearby towns and causing thousands of people to flee.<sup>4</sup> The storm caused eight deaths and an estimated \$2 billion in property losses.<sup>5</sup>

Unfortunately, Superstorm Sandy and the Colorado floods are not isolated events. In fact, a Center for American Progress analysis from this past February compiled data from the National Oceanic and Atmospheric Administration, or NOAA, and found that there were 25 extreme weather events in 2011 and 2012 alone that caused a total of \$188 billion in economic losses.<sup>6</sup> Over the past three decades, the frequency of these billion-dollar events has increased dramatically—from an annual average of fewer than two such events per year in the 1980s to an annual average of more than nine events from 2010 to 2012.<sup>7</sup> Scientists are increasingly finding evidence directly linking extreme weather events—such as the flooding caused by Sandy, as well as the United States' high temperatures in 2012—to human-caused climate change, suggesting that observed trends are likely to continue.<sup>8</sup>

In June, President Barack Obama introduced his Climate Action Plan. The plan includes a suite of executive actions to curb U.S. emissions of heat-trapping gases that contribute to climate change, referred to as greenhouse gases—or carbon pollution—when they are emitted by burning fossil fuels. The plan also includes actions that help prepare the nation for the consequences of a warmer world.<sup>9</sup>

While these executive actions are necessary steps for the United States to help rein in climate change and take a global leadership role, the president cannot solve the climate crisis alone. Congress must also act but sadly remains paralyzed. The longer we wait to take meaningful and concrete steps to significantly reduce emissions of heat-trapping pollution, the more we are going to experience—and have to pay—the steep costs of climate change.

Responding to climate change as it occurs, rebuilding and repairing damages, and preparing for future extreme weather will be expensive. Even if the United States takes massive steps to tackle climate change today, the high levels of greenhouse gas pollution already in the atmosphere ensure that the risks and consequences of a warmer world will continue to grow in the years to come. Even with immediate action to curb climate change risks, this will be expensive. Without action, however, the total U.S. bill—for responding, rebuilding, and preparing for the future—could reach hundreds of billions of dollars annually. These costs will have to be paid by already overburdened federal, state, local, and tribal governments and—directly and indirectly—by the American people.

In fact, the costs of these actions may well represent the largest unfunded mandate Congress has ever imposed on the American people.

The Unfunded Mandates Reform Act of 1995, or UMRA, requires that Congress consider the cost burden that may be imposed on state, local, and tribal governments and the private sector prior to proposing new legislation. During the floor debate on the legislation that became UMRA, sponsors of the measure “emphasized its role in bringing our system back into balance, by serving as a check against the easy imposition of unfunded mandates.”<sup>10</sup> State and local advocates view unfunded mandates—which are enforceable duties imposed by the federal government on state and local governments—as inconsistent with a traditional view of American federalism, which is based on cooperation, not compulsion.<sup>11</sup> While Congress’s failure to take action on climate change may not fall strictly within the letter of UMRA, it is certainly within its spirit. State, local, and tribal governments will be forced to bear the burden and expense of needed actions to react to and reduce climate change risks to public health, safety, and their local economies.

In this report, we assess the magnitude of the costs of preparing for more extreme weather and other climate change impacts that Congress is imposing on state, local, and tribal governments by failing to enact policies to curb U.S. emissions of heat-trapping pollution. To stop imposing a costly unfunded mandate on the American people, we recommend that Congress and the president take immediate action in the following three areas.

The total U.S. climate change bill—for responding, rebuilding, and preparing for the future—could reach hundreds of billions of dollars annually.

## Recognize and reverse the unfunded mandate

- Congress must assess the unfunded mandate that it is imposing on state, local, and tribal governments by failing to enact ambitious climate change policies.
- Congress must require that all proposed energy legislation undergo a carbon audit to reveal its effect on carbon pollution. Bills that do not meet a minimum threshold for performance should be subject to review and revision.

## Adequately fund community resilience efforts

- Congress must create a dedicated fund to support community resilience efforts, which reduce the costs of disaster response dramatically. As much as \$4 in response costs are saved by each dollar invested in resilience efforts.
- The president and federal agencies must make resilience a core aspect of federal disaster and infrastructure assistance.
- Congress must adequately fund federal programs that provide state and local governments with the climate change risk information and planning tools they need to make smart resilience investments. It must also require more analysis of the cost of climate inaction in the National Climate Assessment.

## Lower future climate change risks and disaster-response and rebuilding costs

- The president must continue to support and enforce the Environmental Protection Agency's, or EPA's, carbon-pollution standards for new and existing power plants.
- Congress must enact legislation and the president must use existing EPA authority to reduce climate-changing super pollutants.
- The president and Congress must act across the board to eliminate unnecessary and outdated fossil fuel subsidies and to support emerging low- and no-carbon energy-technology solutions.
- Congress must ultimately enact legislation to put a price on carbon.

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