



## SENATE DEMOCRATS' CLIMATE REPORT: KEY TAKEAWAYS

### OVERVIEW:

In March 2019, Senate Minority Leader Chuck Schumer established the [Senate Democrats' Special Committee on the Climate Crisis](#) to examine the impacts of climate change on the U.S. and to formulate a comprehensive plan to address the issue. Since then, the committee, led by Senator Brian Schatz (D-HI), has held ten hearings and several closed-door meetings, requested information from an array of experts and stakeholder groups, and received thousands of public comments. These efforts ultimately built up to "[The Case for Climate Action: Building a Clean Economy for the American People](#)," the committee's 260-page report released Tuesday.

The Senate Democrats' report calls on the federal government to spend more than \$400 billion a year to achieve net-zero carbon emissions by 2050. It aims to create 10 million jobs in areas like clean energy research and manufacturing, infrastructure development, and the deployment of clean energy technologies. To reduce emissions from the transportation and industrial sectors, the report proposes the setting of emissions standards, coupled with federal investments and funding for projects like zero-emissions public transportation fleets. It also states that climate change considerations must be a core facet of administrative and foreign policy decisions, including on regulatory, national security, and international development matters.

Because we have seen a seemingly endless amount of Democratic climate plans this year — [every candidate had one](#) (Biden is now on his [second](#)), the [Biden-Sanders unity committee had one](#), and the [Democratic House special committee had one as well](#) — this memo seeks to identify several key takeaways and aspects of the Senate Democrats' report that make it unique.

#### **i. There is Common Support Among Top Democrats for an Unprecedented Level of Federal Spending.**

The Senate Democrats' report states that the federal government should spend at least 2 percent of the country's gross domestic product *every year* to address climate change — and to allocate 40 percent of that spending towards communities on the frontlines of the climate crisis. Based on current U.S. GDP, that adds up to around \$400 billion annually, an amount close to the \$2 trillion Biden has committed to spend on climate in his first term. Democrats believe that this unprecedented level of federal spending is warranted, given the magnitude of the crisis and the economic costs of continuing sea level rise, rising temperatures, intensified weather events, and other impacts.

#### **ii. This Report is a Political Blueprint.**

While the report from the House Select Committee is essentially an almanac of highly-specific, technocratic policy proposals, the Senate Democrats' report is more of a political blueprint. It focuses heavily on the political barriers to significant climate action, forming coalitions, and defeating special-interest challengers.

For example, a section on “dark money” targets fossil fuel corporations’ political influence. The report suggests that Congress should investigate which corporations are funding which nonprofits and require witnesses from nonprofits who testify before congressional committees to disclose their funding sources if the sources have an interest in the subject of the hearing. Additionally, Senate Democrats recommend that the Securities and Exchange Commission (SEC) adopt a rule “to require registered companies to disclose all of their spending on political influence activities, including money funneled to trade associations and other politically active non-profits.”

The report also calls on corporate America to take advantage of its political clout to spur climate action. It states, “internal corporate sustainability measures alone will never avert the crisis. Federal climate action is necessary so no corporation can credibly claim to be a leader on climate and sustainability if it is not making sincere political effort to support climate action in Washington.”

### **iii. Environmental Justice Will Remain Top of Mind for Democrats Moving Forward.**

Like the House Select Committee’s [report](#), Biden’s [plan](#), and the other climate plans issued earlier this summer in the wake of nationwide protests on racial justice, the Senate Democrats’ report places significant emphasis on the values of environmental justice and the types of policies necessary to put them in action. As mentioned, the report recommends that 40 percent of all climate spending should go to frontline communities. It also notes that communities of color and other historically-disadvantaged communities are among the most vulnerable to climate impacts and that the nation’s “history of systemic racism has resulted in these communities experiencing higher levels of pollution and associated health impacts, as well as greater economic and housing insecurity.” To address these injustices, Senate Democrats recommend bolstering environmental justice communities’ competitiveness for green infrastructure contracts, strengthening the Environmental Protection Agency’s regulatory enforcement in these areas, and increasing funding for EPA brownfield projects.

### **iv. This Report is More Evidence that Democrats are Straying Further Away from a Focus on Carbon Taxes.**

Once the centerpiece of Democrats’ approach to climate policy, carbon taxes are now just one of many tools Democrats propose to use to address climate change. The [policy recommendations](#) issued by the Biden-Sanders Unity Task Force failed to even mention carbon prices or taxes. Here, the Senate Democrats stated, since “market-based policies alone cannot ensure that all communities will reap the environmental benefits that come from clean electricity,” the U.S. needs federal policies to “ensure that national-level emission reductions directly relate to decreased pollution in individual communities.”

To achieve its clean energy goals, the report states that the federal government must utilize direct spending and financing of clean energy generation, grid investments, “predictable, technology-neutral tax incentives focused on emissions reductions,” and research and development and deployment funding to lower the cost curve for “technologies that provide on-demand, net-zero carbon emission electricity.” It also endorses investments in carbon sequestration and capture and asserts that the growth of bio-based products, e.g., corn ethanol, are more sustainable alternatives to those derived from fossil fuels.

### **v. Senate Democrats are Facing Criticism for a Lack of Detail in this Report.**

The Senate Democrats’ report has faced criticism from climate activists and journalists alike for several reasons. One article notes:

“Compared to other climate plans, the Senate’s climate action roadmap is a little vague on policy specifics. Like the Biden and House plans, it calls for the country to cut carbon emissions to “net-zero” by 2050 — but at this point, that goal, once seen as ambitious, is a must-have.”<sup>1</sup>

The Senate report seems ambivalent on clean electricity standards, unlike the Biden and House Democrats’ proposals, which would require all of the nation’s electricity to be carbon-free by 2035 or 2040, respectively. The report has been criticized<sup>2</sup> for not setting benchmarks in other sectors as well:

“Even if the Senate climate committee didn’t want to go all out by setting a date to end oil, gas, and coal extraction and calling for a ban on any new fossil fuel infrastructure, the authors could have included incremental measures to at least begin the process of fossil fuel phase-out.”

Finally, some activists are concerned that there is not a proposal in the report to ban fracking, not even on public lands — a policy that former Vice President Joe Biden has [endorsed](#). Moreover, there is no mention of ending fossil fuel subsidies, another proposal Biden [supports](#), despite it being [discarded](#) from the DNC’s platform last week.

#### **vi. This Report Spotlights the Financial Risks of Climate Change.**

In the report, the Senate Democrats emphasize that — although there are a myriad of studies demonstrating the economic risks of climate change — many financial institutions have failed to take them into account or adapt their practices accordingly. Such economic risks include: direct economic losses caused by flooding and other climate impacts; socioeconomic risks like negative health effects and lost productivity due to extreme heat; and “transition risk,” which contends that companies are failing to prepare for the clean energy transition and therefore face great financial risk because their assets could lose value rapidly.<sup>3</sup> The report warns that a 2008-style economic crisis could result from banks, insurers, and investors continuing to take on additional risk under the presumption that the federal government will bail them out later.

The Senate report recommends a number of measures to address these issues. For example, it calls on the SEC to require publicly traded companies to disclose their climate risks. Moreover, the report recommends that the SEC require credit rating agencies to analyze climate risk in their methodologies, claiming that the current rating system allows the companies that are driving climate change to have easy access to credit.

Senate Democrats also seek to have the Federal Reserve integrate climate change risks and impacts into U.S. monetary policy and in its “stress tests,” i.e., its analysis of the resiliency of financial institutions and the economy at-large to a financial crisis. They call on the U.S. to join an international collaboration known as the Network for Greening the Financial System, which seeks to develop innovative approaches to financial regulation. Finally, the report contends that financial risk mitigation is not the only objective — Senate Democrats also hope to shift the markets in a way that incentivizes the investments needed to further the clean energy transition.

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<sup>1</sup> Osaka, Pontecorvo, and Teirstein, *3 ways the Senate Democrats’ new climate plan is all about money*, Grist.org (August 26, 2020), <https://grist.org/politics/3-ways-the-senate-democrats-new-climate-plan-is-all-about-money/>.

<sup>2</sup> Dharna Noor, *Senate Democrats’ Climate Plan Is a Step in the Right Direction—Except for One Glaring Omission*, Gizmodo.com (August 26, 2020), <https://earthier.gizmodo.com/senate-democrats-climate-plan-is-a-step-in-the-right-d-1844845004>.

<sup>3</sup> *Addressing Climate as a Systemic Risk: A call to action for U.S. financial regulators*, Ceres (June 1, 2020), <https://www.ceres.org/resources/reports/addressing-climate-systemic-risk>.

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**vii. This Report Will Help Form the Foundation of a Biden Administration’s Approach to Climate.**

Like the other Democratic plans released earlier this summer, the Senate Democrats’ report is a far more progressive, far more ambitious proposal than Democratic climate plans released in previous years. Together, these plans will shape the future of climate action if Biden wins the White House and Democrats retake the Senate while holding the House.

