

Testimony

Harry C. Alford (National Black Chamber of Commerce)

Senate Judiciary Subcommittee Hearing – Tuesday, October 6, 2015 (2:15 p.m.)

Location: 226 Dirksen Senate Office Building

“Opportunity Denied: How Overregulation Harms Minorities”

Introduction

Good morning, Chairman Cruz, Ranking Member Coons, and distinguished Members of the Subcommittee on Oversight, Agency Action, Federal Rights and Federal Courts of the Committee on Judiciary. My name is Harry C. Alford and I am the President/CEO of the National Black Chamber of Commerce. The National Black Chamber of Commerce represents 2.4 million Black-owned businesses within the United States.

I am here today to testify about the harmful and adverse effects of overregulation on minorities and their communities. As the hearing title suggests, the continuous stream of unreasonable and overreaching regulations that have come out of the federal government over the last few years has led to the denial of countless opportunities for minorities. Employment opportunities, income opportunities, and housing opportunities for minorities – all of these are being compromised by an ever-growing number of federal regulations.

At the onset, I think it is important to be clear about something – the National Black Chamber understands and appreciates the importance of regulations within our society. Regulations help keep our workers protected, our water and air cleaner, our food safer, and our consumer products reliable, to name a few. What we do not support are regulations that are based upon

erroneous and opaque analysis and process. The rulemaking process – and the regulations that come out of it – should involve transparency, notice, sound science, quality data, and reliable cost-benefit analysis. Without a doubt, there are multiple new regulations that potentially will harm the economic opportunities of minorities; but for today’s hearing, I’m going to focus on two regulations from the Environmental Protection Agency to illustrate my point.

Clean Power Plan

First, there is the EPA’s new rule on regulating greenhouse gas emissions from existing power plants – often referred to as the Clean Power Plan. While increased costs often come with increased regulation, the Clean Power Plan in particular seems poised to escalate energy costs for Blacks and Hispanics in the United States, including individuals, families and minority-owned businesses.

In light of these concerns, the National Black Chamber undertook an effort to examine the potential economic and employment impacts of the EPA’s carbon regulations, including the proposed Clean Power Plan, on minorities and low-income groups. On June 11, 2015, the National Black Chamber of Commerce released a study on the threat of the EPA carbon regulations to low-income groups and minorities.¹ I note that since then, the EPA released the final Clean Power Plan rule, which has differences from the proposal. Nevertheless, we believe that the findings of our study are illustrative of the rule’s potential economic impacts.

¹ Available at <http://nbccnow.org/wp-content/uploads/2015/06/Minority-Impacts-Report-June-2015-Final.pdf>. A copy of the study is also attached to this testimony.

The National Black Chamber's study found that the proposed Clean Power Plan would impose severe and disproportionate economic burdens on poor families, especially minorities. In particular, the proposed rule would impose the most harm on residents of seven states with the highest concentrations of Blacks and Hispanics. These communities already suffer from higher unemployment and poverty rates compared to the rest of the country, yet the EPA's regressive energy tax threatens to push minorities and low-income Americans even further into poverty.

I want to highlight some of the key findings from the study:

- EPA's rule increases Black poverty by 23% and Hispanic poverty by 26%.
- In 2035, job losses total 7 million for Blacks and nearly 12 million for Hispanics.
- In 2035, Black and Hispanic median household income will be \$455 and \$515 less, respectively.
- Implementing the EPA carbon regulations would in 2025, increase the energy burden of Blacks by 16% and Hispanics by 19%.
- Compared to Whites, Blacks spend 20% more of their income on food, 10% more on housing, 40% more on clothing, and 50% more on utilities.
- Compared to Whites, Hispanics spend 90% more of their income on food, 5% more on housing, 40% more on clothing, and 10% more on utilities.

- The rule will especially harm residents of seven states with the highest concentrations of Blacks and Hispanics: Arizona, California, Florida, Georgia, Illinois, New York, and Texas.

The study demonstrates that the EPA's proposed Clean Power Plan would harm minorities' health by forcing tradeoffs between housing, food, and energy. The inability to pay energy bills is second only to the inability to pay rent as the leading cause of homelessness. The bottom line is that we should pursue policies that expand opportunity for the less fortunate, not ones that further disadvantage them.

National Ozone Air Quality Standard

The second regulation that I want to address today is the EPA's national air quality standard for ozone. Just last week, the EPA finalized a new ozone standard – tightening it from 75 parts per billion to 70 parts per billion (ppb). While the agency adopted the higher end of the range under consideration, a 70 ppb ozone standard still will increase the number of areas in the country in “nonattainment.” This nonattainment classification will severely limit economic and employment opportunities in the affected areas. Unfortunately, this tightened ozone standard likely will hurt not only the nation as a whole, but will disproportionately affect America's urban, low-income and minority families.

If a community comes in below the 70 ppb standard, it will be deemed “in attainment” and the usual amounts of construction, infrastructure improvement, development and other elements of a healthy and growing economy can continue. These activities create jobs and generate revenue. On the flip side, the

EPA wields a heavy stick for communities that are deemed in “nonattainment.” It can step in and overrule state decisions to issue permits, stopping development and growth, with no consideration of the financial impact or loss of jobs. Air permits, in particular, can be difficult to obtain because companies building or expanding facilities will have to show ozone reductions from other sources. These “offsets” can be expensive and hard to obtain. For example, in the Houston area, offset prices are nearly \$175,000 per ton of NOx and \$275,000 per ton of VOCs.

And here is why last week’s tightening of the ozone standard almost certainly will disproportionately affect those who can least afford it: Urban areas — where many low-income and minority families live — find it more difficult to cut ozone levels due to traffic congestion and density of industry and manufacturing. Under a 70 ppb ozone standard, more urban areas will be in nonattainment, which means further penalties for places that already face slower than average economic growth. This new ozone standard also could raise energy costs, and families on fixed incomes have little room to absorb them. Most importantly, the loss of development and economic expansion would affect many of the blue-collar jobs that power our low-income and minority communities.

Local Forums

This summer, the National Black Chamber undertook an educational and listening tour to certain key urban areas, such as Chicago, Columbus and Pittsburgh. The goal was to provide forums for minority leaders, officials and business representatives to discuss the ozone proposal and its potential employment impacts in those communities. A reoccurring theme that we heard from the forum participants from Illinois to Ohio to Pennsylvania was that they

want a balance when it comes to environmental regulations like the ozone standard. They want regulations that protect the environment and public health, but that also refrain from damaging employment and economic opportunities for minorities and their communities.

Conclusion

In conclusion, the National Black Chamber of Commerce and its members value and support clean air, clean water, and environmental quality, and we recognize the importance of regulations protecting those things. We also value and support economic growth, job creation, and prosperity for our individual members and this country as a whole. These are not mutually exclusive goals, and one does not have to be sacrificed for the other.

We appreciate the Committee holding this hearing and highlighting these critical issues. Thank you for the opportunity to testify and I look forward to answering any questions you may have.