

Policy Recommendations for Transportation and Climate Initiative (TCI)

How to make cap & invest more equitable, from the perspective of a low-income rural county

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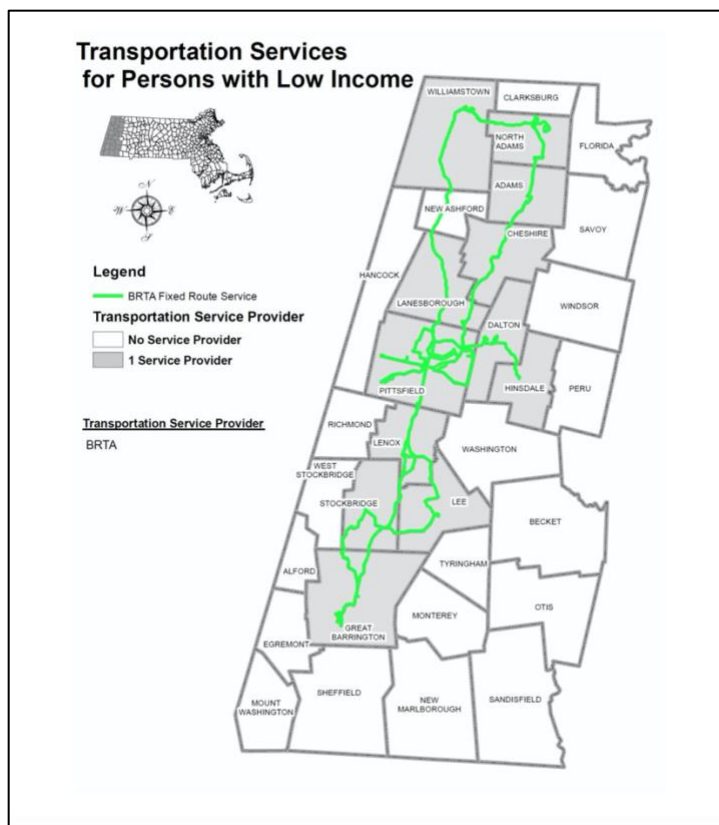
Summary: I am a recent graduate of Williams College in Massachusetts, now working in climate resilience policy for a public agency in my home state of California. While at Williams, I completed a capstone presentation on TCI's proposed cap & invest policy for my Environmental Studies major. I examined the benefits of the policy and also raised some equity concerns relevant to Berkshire County, where Williams is located. These equity concerns also apply to other low-income rural areas with inadequate access to transit.

I propose specific policy remedies to address these equity concerns, outlined below. I support TCI's cap & invest policy and think it is an excellent way to bring down carbon emissions from the transportation sector. I urge you to consider these specific policy tools in order to make TCI more equitable. My recommendations are described in more detail in the following pages, and also summarized in the table below along two axes, cost and revenue, with concerns and recommendations outlined for each.

	CONCERN	RECOMMENDATION
COST SIDE	Additional cost at the pump as a result of cap & invest is a burden for residents of the Berkshires and other rural counties, who are often lower income and have less access to transit	Offer rebates for low-income consumers in areas with limited access to transit to relieve the burden of cap & invest
REVENUE SIDE	There are currently no mechanisms to ensure that rural areas like the Berkshires get much-needed cap & invest revenue, which they could use to expand clean transportation access	Create a mechanism so that each county gets some baseline percentage of its investment back and the rest is allocated using a competitive grant process

TCI's cap & invest policy is a powerful tool for bringing down carbon emissions. But this type of cap & trade program raises equity issues. Berkshire County is a case study for the types of equity issues this policy might create in low-income, rural counties with low access to public transportation. Berkshire County is a low-density rural county in Western Massachusetts. Median household income in Berkshire County is \$56,000, compared to \$77,000 in Massachusetts as a whole, and the County has a relatively high proportion of elderly residents and residents with disabilities.

The County has limited access to public transportation. Its only public transit agency, the Berkshire Regional Transit Authority (BRTA), operates 14 transit routes for an area the size of Rhode Island. Buses only operate between the hours of 6am-7pm, and not at all on Sundays. Twenty towns in the county are not served by fixed-route transit at all. Flexible transit providers fill some of these gaps for elderly and disabled residents, but low-income residents in towns that BRTA does not reach have no public transit access at all (BRPC 2018).



Source: BRPC 2018.

From Berkshire County's perspective, the equity issues that arise from TCI can be separated into two broad categories: problems with costs, and problems with revenue.

On the cost side, TCI would cause gas prices to go up at the pump, which in many places could be an excellent incentive for people to switch to public transportation. However, in many rural counties like Berkshire County, access to public transportation is extremely limited, so consumers (who on average cases are lower income) would bear the burden of higher gas prices without the option to switch to public transportation.

How do we make sure that the costs of TCI's cap and trade policy do not unduly burden Berkshire residents, who in many cases do not have the option of changing their behavior to avoid paying the extra cost? One option would be to offer rebates for consumers. The serious downside of

this is less revenue for investment, so I propose offering rebates only to low-income consumers who live in counties or zip codes underserved by public transportation. This would offset burden of the policy on those consumers least able to bear the costs or change their behavior, while still leaving plenty of revenue for investment.

On the revenue side, while the Draft MOU addresses equitable distribution of revenue in Appendix 3B, it does not currently have a specific mechanism to ensure that revenues from the policy will be equitably distributed within member states. Some public officials I spoke to in Berkshire County were concerned that the policy would effectively funnel money from rural to urban areas.

How do we make sure the revenue from TCI is equitably distributed so that Berkshire County residents can benefit from much-needed projects to increase public transportation? Berkshire County and other low-income rural counties like it are underserved by public transit and desperately need more funding to improve access. TCI could be a huge boon to these counties in that regard. But there is some fear in Berkshire County that without specific mechanisms to ensure the distribution of revenue is equitable, rural counties will lose out. Thus, I propose that as a backstop, some guaranteed minimum percentage of the revenue collected from each county be reallocated to projects in that county. The exact percentage should be determined after careful study and consideration. The rest of the revenue should be allocated using a competitive grant process that takes equity and existing access to transit into account as criteria. This would benefit not only rural low-income counties but also low-income urban and suburban areas, which in many cases are also underserved by public transit.

In conclusion, I urge you to please provide specific, actionable mechanisms to ensure that the costs of cap & invest do not unduly burden those consumers who are least able to bear the cost or change their behavior, and to ensure that the revenue from the program is equitably distributed. Thank you for your time and consideration.

References

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