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## Securing Climate Justice Federally: A Political Economy Approach to Targeted Investments

Daniel Aldana Cohen, J. Mijin Cha, Nick Graetz, Aaryaman Singhal, and Raka Sen

### ABSTRACT

How can the federal Justice40 policy framework tackle climate change and social inequalities at the same time and in the same places? We adopt a political economy approach. We situate environmental injustice in the context of long-standing racist patterns of public–private investments in the United States, especially in housing, through practices such as redlining, transportation, and industrial development. We argue that any policy approach aiming to eliminate environmental racism needs to take on public–private investment patterns at comparable scale. And building on our recent research into New York State’s own efforts to build on the lessons of California’s experience of targeted green investments, and our survey of reports on the Justice40, we make five broad recommendations to federal policymakers: (1) we argue that the Justice40 mandate should apply to a far broader range of public–private investments than currently planned (and thus allocate tens of billions of dollars annually); (2) we urge the federal government not to use the California model of a unilinear scale, and to adopt New York’s proposal to count all low-income individuals as eligible for disproportionate investments in green home improvements; (3) we recommend that the federal government (or state governments) take equity stakes in offshore wind, with revenues being reinvested based on the Justice40 formula; (4) we argue that the federal government must fund community groups’ governance capacity so that they can exert meaningful control over local investments; and (5) we call for embedding Justice40 in an overarching framework of green high-road economic development.

**Keywords:** environmental justice, political economy, climate change, social policy, Justice40

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Dr. Daniel Aldana Cohen is an Assistant Professor of Sociology and Director of the Socio-Spatial Climate Collaborative at University of California, Berkeley, Berkeley, California, USA. Dr. J. Mijin Cha is an Associate Professor of Urban and Environmental Policy at Occidental College, Los Angeles, California, USA. Dr. Nick Graetz is a postdoctoral scholar in Sociology at Princeton University, Princeton, New Jersey, USA. Aaryaman Singhal is a masters student at the Energy Resources Group at University of California, Berkeley, Berkeley, California, USA. Raka Sen is PhD Candidate in Sociology at University of Pennsylvania, Philadelphia, Pennsylvania, USA.

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## INTRODUCTION

**T**HANKS TO DECADES of hard organizing work led by environmental justice (EJ) movements and their allies,<sup>1</sup> there is a new consensus in progressive American policymaking: governments must tackle climate change and social inequalities at the same time and in the same places. Governments must do this by directing disproportionate climate investments into the disadvantaged communities that have borne the brunt of inequality, disinvestment, pollution, and climate risk. But how can this be achieved?

The Biden Administration's Justice40 initiative is the current strategy. Through executive orders and preliminary instructions on implementation, the Administration is developing frameworks to ensure that at least 40% of the benefits of federal climate investments go to specifically designated disadvantaged communities.<sup>2</sup>

At the time of writing, the Congress was debating passage of the Inflation Reduction Act, which could have both positive and negative impacts on EJ communities. Whatever happens legislatively in 2022, downstream impacts—and even key policy choices—will continue to be objects of struggle, whether in new processes of administrative rulemaking, battles over implementation and concrete investment projects, and yet more legislating. As federal policymakers consider different mechanisms for delivering on the Justice40's broad principles, now is an ideal time for stakeholders and scholars to debate the best ways to implement those ideals.

Federal policymakers can learn from other efforts to deliver this kind of targeted investment, similar to California's pathbreaking development of this framework, and New York's first steps toward implementing their 2019 Climate Leadership and Community Protection Act (CLCPA). Through interviews, document analysis, and data mapping, we offered guidance to New York based

on California's experience.<sup>3</sup> In this commentary essay, we draw on that research to make recommendations for federal policymakers.

We bring a political economy focus to climate-linked investments,<sup>4</sup> while recognizing that EJ means much more than political economy and will require complementary frameworks and strategies. We do not focus here on essential governance reforms that will be required to implement Justice40, as other compelling work covers that ground.<sup>5</sup> And we recognize that although Justice40 is the primary current framework for the federal government delivering EJ, we hope the principles we outline here would offer useful guidance even if other policy visions take hold—from a revitalized Green New Deal to still unforeseeable new political projects.

In brief, we argue that today's patterns of environmental injustice must be situated in the broad history of racist public-private investments that characterized American economic development, especially the ways in which policies have systematically exposed Black, Indigenous, and other People of Color (BIPOC) to environmental harm. The problem involves racist public-private investment across the economy; any adequate solutions must thus include a wholesale anti-racist shift in how both governments and markets jointly direct funds.

<sup>1</sup>Michael Méndez. *Climate Change from the Streets: How Conflict and Collaboration Strengthen the Environmental Justice Movement*. (New Haven: Yale University Press, 2020); Julie Sze. *Environmental Justice in a Moment of Danger*. (Berkeley: University of California Press, 2020); Dina Gilio-Whitaker. *As Long as Grass Grows: The Indigenous Fight for Environmental Justice, from Colonization to Standing Rock*. (Boston: Beacon Press, 2019); Robert D. Bullard and Benjamin Chavis Jr., eds. *Confronting Environmental Racism: Voices From the Grassroots*. (Boston: South End Press, 1993).

<sup>2</sup>Joseph R. Biden. "Executive Order on Tackling the Climate Crisis at Home and Abroad." (Washington, DC: White House, United States Federal Government, January 27, 2021). <<https://www.whitehouse.gov/briefing-room/presidential-actions/2021/01/27/executive-order-on-tackling-the-climate-crisis-at-home-and-abroad/>>. (Last accessed on March 15, 2022); Shalanda Young, Brenda Mallory, and Gina McCarthy. "The Path to Achieving Justice40." (Washington, DC: White House, United States Federal Government, July 20, 2021). <<https://www.whitehouse.gov/omb/briefing-room/2021/07/20/the-path-to-achieving-justice40/>>. (Last accessed on March 1, 2022); United States Council on Environmental Quality. "Climate and Economic Justice Screening Tool (Beta)." 2022. <<https://screeningtool.geoplatform.gov/en/>>. (Last accessed on March 1, 2022).

<sup>3</sup>Daniel Aldana Cohen, J. Mijin Cha, Nick Graetz, and Raka Sen. "Discussion Draft: Securing Climate Justice Investments in New York's Climate Leadership and Community Protection Act." (Berkeley, CA: Socio-Spatial Climate Collaborative, or (SC) March 2, 2022). <[https://sc2.berkeley.edu/wp-content/uploads/2022/03/Discussion-Draft-Securing-Climate-Justice-Investments\\_March-1-3.pdf](https://sc2.berkeley.edu/wp-content/uploads/2022/03/Discussion-Draft-Securing-Climate-Justice-Investments_March-1-3.pdf)>. (Last accessed on May 15, 2022).

<sup>4</sup>Kate Aronoff, Alyssa Battistoni, Daniel Aldana Cohen, and Thea Riofrancos. *A Planet to Win: Why We Need a Green New Deal*. (London: Verso, 2019); J. Mijin Cha, Madeline Wander, and Manuel Pastor. "Environmental Justice, Just Transition, and a Low-Carbon Future for California," *Environmental Law Reporter* ELR 10216 (2020); Peter Newell. *Power Shift: The Global Political Economy of Energy Transitions*. (Cambridge: Cambridge University Press, 2021); Peter Newell and Dustin Mulvaney. "The Political Economy of the 'Just Transition.'" *The Geographical Journal* 179 (2013): 132–140.

<sup>5</sup>Equitable & Just National Climate Platform. "Justice40 Recommendations." (Center for American Progress, Tishman Environment and Design Center, March 2021). <<https://cdn.americanprogress.org/content/uploads/2021/03/16083513/Justice40-Recommendations.pdf>>. (Last accessed on March 1, 2022); Lew Daly. "Justice40 and the Federal Budget: Challenges of Scale and Implementation." (Roosevelt Institute, April 2022). <[https://rooseveltinstitute.org/wp-content/uploads/2022/04/RI\\_Justice-40-Federal-Budget\\_Report\\_202204.pdf](https://rooseveltinstitute.org/wp-content/uploads/2022/04/RI_Justice-40-Federal-Budget_Report_202204.pdf)>. (Last accessed on April 25, 2022); Cathleen Kelly and Mikyla Reta. "Implementing Biden's Justice40 Commitment to Combat Environmental Racism." *Center for American Progress* (blog), June 22, 2021. <<https://www.americanprogress.org/article/implementing-bidens-justice40-commitment-combat-environmental-racism/>>. (Last accessed on April 15, 2022); White House Environmental Justice Advisory Council, "Final Recommendations: Justice40 Climate and Economic Justice Screening Tool & Executive Order 12898 Revisions" (Washington, DC, May 21, 2021). <<https://www.epa.gov/sites/default/files/2021-05/documents/whiteh2.pdf>>. (Last accessed March 1, 2022); Kelly and Reta. "Implementing Biden's Justice40 Commitment to Combat Environmental Racism."

To begin to address this historic and systemic racism, we offer five recommendations: (1) When calculating benefits delivered to disadvantaged communities, the federal government should measure dollars invested—rather than an amorphous set of benefits—and the federal government should treat all climate-relevant investments in the built environment as subject to the Justice40 mandate, not just the arbitrarily narrow set of investments currently under consideration. (2) The federal government should not just use a single unilinear scale for defining disadvantaged communities; it should consider New York's example of making all low-income households eligible for priority investments in green home improvements.

(3) The federal government should take a public ownership stake in capital-intensive clean energy infrastructure that relies on federal support, such as offshore wind developments. (4) Public funding and support should be given to community control of climate investment throughout the policy process. (5) Targeted investment policy should be embedded in a holistic high-road economic development paradigm for green public-private investment.

Our recommendations are ambitious; some push beyond the political realities of 2022. We hope the Justice40 project—and beyond that, an anti-racist green investment regime in general—will be a years-long endeavor; it is worthwhile to fight for a transformative version of the framework, articulating goals that can rally support and ultimately be implemented over the course of this decade.

Hereunder, we review key scholarship on environmental injustice and racist public-private investments, and then the California experience. Then, we flesh out our recommendations in further detail.

### THE HISTORY OF RACIALIZED ENVIRONMENTAL POLICY

Environmental injustice manifests the broader inequalities of American racial capitalism, including a long history of racialized segregation maintained by public-private partnerships in real estate, inadequate environmental regulation, and the declining power of labor unions. The United States is marked by deep and persistent geographic inequalities of race and class. In the twentieth century, federal, state, and local policies converged to shape the so-called “urban crisis” and intensified racial segregation in the United States.<sup>6</sup> State actors achieved this in cooperation with private capital. Their joint pattern of public-private investments in housing

(including through practices associated with redlining), highway construction, and industrial development produced the shocking extent of racial inequalities in the American built environment.<sup>7</sup>

The same forces that shaped the racialized geography of housing and labor markets also exposed communities of color to environmental degradation, increasing their rates of asthma, cancer, and other diseases.<sup>8</sup> These patterns of unequal investment and racist power structures made their mark across urban-rural divides, with distinct but parallel patterns of toxic sacrifice zones and infrastructural abandonment. It is no coincidence that one of the EJ movement's founding struggles was a battle over toxic waste disposal in rural Warren County, North Carolina, or that BIPOC communities outside cities continue to suffer from environmental racism—and fight

<sup>7</sup>Jacob W. Faber. “We Built This: Consequences of New Deal Era Intervention in America's Racial Geography.” *American Sociological Review* 85 (Oct 2020): 739–775; Kenneth T. Jackson. *Crabgrass Frontier: The Suburbanization of the United States*. (New York, NY: Oxford University Press, 1985); Gail Radford. *Modern Housing for America: Policy Struggles in the New Deal Era*. (Chicago: University of Chicago Press, 1996); Richard Rothstein. *The Color of Law: A Forgotten History of How Our Government Segregated America*. (New York: Live-right, 2017); Keeanga-Yamahtta Taylor. *Race for Profit: How Banks and the Real Estate Industry Undermined Black Homeownership, Justice, Power, and Politics*. (Chapel Hill: University of North Carolina Press, 2019); Loïc Wacquant. *Urban Outcasts: A Comparative Sociology of Advanced Marginality*. (London: Polity, 2008); Desiree Fields and Elora Lee Raymond. “Racialized Geographies of Housing Financialization.” *Progress in Human Geography* 45 (Dec 2021): 1625–1645; Mehra Baradaran. *The Color of Money: Black Banks and the Racial Wealth Gap*. (Cambridge, MA: Belknap, 2019); Maria Krysan and Kyle Crowder. *Cycle of Segregation: Social Processes and Residential Stratification*. (New York: Russell Sage Foundation, 2017); Massey and Denton, *American Apartheid*; Destin Jenkins and Justin Leroy, eds., “Columbia Studies in the History of U.S. Capitalism,” in *Histories of Racial Capitalism*. (New York: Columbia University Press, 2021); Clayton Nall. *The Road to Inequality: How the Federal Highway Program Polarized America and Undermined Cities*. (Cambridge, United Kingdom: Cambridge University Press, 2018); Brent Cebul. “Supply-Side Liberalism: Fiscal Crisis, Post-Industrial Policy, and the Rise of the New Democrats.” *Modern American History* 2 (July 2019): 139–164.

<sup>8</sup>Julian Agyeman, David Schlosberg, Luke Craven, and Caitlin Matthews. “Trends and Directions in Environmental Justice: From Inequity to Everyday Life, Community, and Just Sustainabilities.” *Annual Review of Environment and Resources* 41 (Nov 2016): 321–340; Robert D. Bullard. *Dumping in Dixie: Race, Class, and Environmental Quality*, 3rd ed. (Boulder: Westview Press, 2000); Deborah McGregor, Steven Whitaker, and Mahisha Sritharan. “Indigenous Environmental Justice and Sustainability.” *Current Opinion in Environmental Sustainability*, Indigenous Conceptualizations of ‘Sustainability,’ 43 (Apr 2020): 35–40; Rachel A. Morello-Frosch. “Discrimination and the Political Economy of Environmental Inequality.” *Environment and Planning C: Government and Policy* 20 (Aug 2002): 477–496; Dorceta E. Taylor. *Toxic Communities: Environmental Racism, Industrial Pollution, and Residential Mobility*. (New York: New York University Press, 2014); Antwi Akom. “Eco-Apartheid: Linking Environmental Health to Educational Outcomes.” *Teachers College Record* 113 (2011): 831–859.

<sup>6</sup>Douglas S. Massey and Nancy A. Denton. *American Apartheid: Segregation and the Making of the Underclass*. (Cambridge, MA: Harvard University Press, 1993); Thomas J. Sugrue. *The Origins of the Urban Crisis: Race and Inequality in Postwar Detroit-Updated Edition*. (Princeton: Princeton University Press, 2014).

back vigorously.<sup>9</sup> All across the United States—and globally—communities that benefit the least from polluting activities suffer the most from them.<sup>10</sup> Put starkly: conjoined patterns of public–private investment—and disinvestment—are fundamental causes of environmental injustice.

### TARGETED DIRECT INVESTMENT AS A TOOL TO ADVANCE EQUITY

It follows that direct green investment in communities identified as disadvantaged—steered by groups in those communities—can begin to address the historic pollution burden placed upon low-income communities and communities of color, while combating climate change at the same time. Neighborhood-level mapping of social and environmental phenomena has emerged as a key tool for indicating which communities are in greatest need of this targeted investment. This kind of data can help decision makers understand which communities bear the greatest environmental and climate burdens and, therefore, where investment and efforts should be targeted.

California was the first state to map disadvantaged communities with an EJ screening tool; this evolving quantitative framework has helped policymakers steer billions of dollars of public investment. The process arose out of efforts in the early 2000s by EJ advocates and scholars to systematically measure cumulative environmental and social disadvantage at the neighborhood level. Building on Sadd *et al.*'s work, CalEPA's Office of Environmental Health Hazard Assessment developed CalEnviroScreen, which initially combined 18 indicators, to generate a unilinear scale of disadvantage; each neighborhood in the state was mapped.<sup>11</sup> CalEnviro-

Screen has been updated three times since the initial release. Race was dropped as an indicator in version 2 due to legal concerns, as Proposition 209 prevents the state from making any race-based decisions.

CalEnviroScreen scores are used to identify disadvantaged communities for targeted investment, as required by the 2017 California bill SB 535. This requires that a certain percentage of cap-and-trade revenue, now increased to 35%, be dedicated to investments that benefit the most disadvantaged communities as mapped by CalEnviroScreen. As of 2021, more than \$4 billion has been spent for the benefit of priority populations, as a result of the legislation.<sup>12</sup> The California Air Resource Board estimates that more than half of the revenues from cap and trade have been invested for the benefit of disadvantaged communities, exceeding the minimum 35% specified in law.<sup>13</sup>

CalEnviroScreen has its critics. It has survived in large part because it was co-created with EJ groups and allied academics, who were involved in the process from the start. Communities have continued to advise the state on which indicators are most appropriate. Any federal analog will likewise require buy-in from grassroots EJ organizations to survive. Over time, the tool *should* evolve to become more responsive and effective.

### LESSONS FOR JUSTICE40 FROM THE CALIFORNIA EXPERIENCE

Some important tensions arose in this mapping and investment process. Our analysis, influenced by our interviews with key stakeholders involved in the process in California, suggests two key areas of tension: (1) how to define “disadvantaged community” and its potential for generating regional tensions, (2) whether targeted investment was really being spent in a community.<sup>14</sup>

The designation of “disadvantaged” is meaningful because it unlocks significant resources, leaving the cutoff point for CalEnviroScreen heavily disputed. With a unilinear scale used to allocate investments, there are high stakes for communities near the threshold for being counted as disadvantaged. CalEnviroScreen mapping is done for the state as a whole. The Bay Area is wealthier and has better overall environmental metrics than Central or Southern California.

Most communities in the Bay Area do not score high enough to be eligible for direct investment, leading many

<sup>9</sup>Eileen Maura McGurty. “Warren County, NC, and the Emergence of the Environmental Justice Movement: Unlikely Coalitions and Shared Meanings in Local Collective Action.” *Society & Natural Resources* 13 (June 2000): 373–387; Thomas G. Andrews. *Power Lines: Phoenix and the Making of the Modern Southwest*. By Andrew Needham. (Oxford University Press, 2016); Catherine Coleman Flowers. *Waste: One Woman's Fight against America's Dirty Secret*. (New York: The New Press, 2020).

<sup>10</sup>Christopher W. Tessum, Joshua S. Apte, Andrew L. Goodkind, Nicholas Z. Muller, Kimberley A. Mullins, David A. Paoletta, Stephen Polasky, Nathaniel P. Springer, Sumil K. Thakrar, Julian D. Marshall, and Jason D. Hill. “Inequity in Consumption of Goods and Services Adds to Racial–Ethnic Disparities in Air Pollution Exposure.” *Proceedings of the National Academy of Sciences* 116 (Mar 2019): 6001–6006; Stephanie Woodard. *American Apartheid: The Native American Struggle for Self-Determination and Inclusion*. (New York: Ig Publishing, 2018).

<sup>11</sup>Matthew Rodriguez and George V. Alexeeff. “California Communities Environmental Health Screening Tool (CalEnviroScreen 1.0).” (Sacramento: California Environmental Protection Agency, April 2013). <<https://oehha.ca.gov/media/downloads/calenviroscreen/report/042313calenviroscreen1.pdf>>. (Last accessed on June 15, 2022); James L. Sadd, Manuel Pastor, Rachel Morello-Frosch, Justin Scoggins, and Bill Jesdale. “Playing It Safe: Assessing Cumulative Impact and Social Vulnerability through an Environmental Justice Screening Method in the South Coast Air Basin, California.” *International Journal of Environmental Research and Public Health* 8 (May 2011): 1441–1459.

<sup>12</sup>California Air Resources Board. “Record Year for California Climate Investments: \$3.1 Billion Invested in 2020 across California.” May 3, 2021. <<https://ww2.arb.ca.gov/news/record-year-california-climate-investments-31-billion-invested-2020-across-california>>. (Last accessed on March 1, 2022).

<sup>13</sup>California Air Resources Board.

<sup>14</sup>Daniel Aldana Cohen, J. Mijin Cha, Nick Graetz, and Raka Sen. “Discussion Draft: Securing Climate Justice Investments in New York's Climate Leadership and Community Protection Act.” (Berkeley, CA: Socio-Spatial Climate Collaborative, or (SC) March 2, 2022). <[https://sc2.berkeley.edu/wp-content/uploads/2022/03/Discussion-Draft-Securing-Climate-Justice-Investments\\_March-1-3.pdf](https://sc2.berkeley.edu/wp-content/uploads/2022/03/Discussion-Draft-Securing-Climate-Justice-Investments_March-1-3.pdf)>. (Last accessed on May 15, 2022).

Bay Area politicians and groups to argue that CalEnviroScreen penalizes them unfairly; according to these critics, the state's mapping tool directs too few resources to low-income environmentally burdened communities in San Francisco such as Chinatown and the Tenderloin, where many low-income residents suffer miserable living conditions and poor air quality, but are ineligible for targeted funds because they do not clear the bar of "disadvantage" in CalEnviroScreen's unilinear statewide tool, which identifies communities in the Central Valley and Los Angeles metro region as being in even worse shape according to the data.<sup>15</sup>

Nonetheless, many EJ advocates in the Bay Area defend the mapping tool because some communities in that region still qualify as disadvantaged—and those groups were involved in creating the tool. This conflict raises the question of whether measures of disadvantage should be nested within regions rather than done strictly statewide (or countrywide). Regional inequalities are complex, and we still lack high-quality consistent data on pollution impacts across the entire country. That said, California's choice to use a statewide unilinear scale was a fundamentally political choice. It could have easily broken the state into regions (using jurisdictions, watersheds, or other definable boundaries), and used any number of formulas to balance statewide and region-specific scores.

A successful Justice40 needs to generate more data, track more environmental harms, and make all of the resulting data points freely available and easily accessible; in turn, this will enable revision of the tool to ensure inter-regional equities.<sup>16</sup> Ultimately, the data alone will not solve the fundamentally political question of how to balance cross-national uniformity and more region-specific needs.

The accounting behind the spatial designation of targeted investment can also be contested because a crucial consideration in direct investment is the precise *location* of that spending. Direct investment, where resources are spent directly *in* a community, is widely seen within the EJ community as a more reliable way of ensuring that targeted investment reaches the communities most in need. Investment "for the benefit of" disadvantaged communities can provide a misleading picture of equity-enhancing investment. For example, in 2017, California spent \$1.2 billion in cumulative implemented funds.

Of this amount, only 34%, \$419 million, was spent directly *in* disadvantaged communities, whereas an additional \$195 million was spent in *benefit of* disadvantaged

communities; programs such as Advanced Technology Freight Demonstration and the Clean Vehicle Rebate Project counted at least twice as many dollars as "benefiting" those communities, rather than "located in" them, without a clear explanation of the distinction in the state's annual report.<sup>17</sup> The spirit of the law is to ensure that specific investments remedy compound vulnerabilities and toxic exposure in EJ communities. Of course, investments in infrastructures such as greener transportation will cross neighborhood boundaries, causing accounting nuances. Ultimately, what counts as a benefit should be clearly established with community leadership and transparently documented.

### RECOMMENDATION 1: A DOLLARS-FIRST APPROACH TO MEASURING INVESTMENT, WITH THE JUSTICE40 APPLYING TO ALL CLIMATE-LINKED INVESTMENT

New York, similar to California, has committed to adopting the dollars-first method of counting benefits directed to disadvantaged communities—that is, measuring whether the state has indeed ensured that 40% or more of eligible investments occur in frontline communities. The State will additionally track other co-benefits; we call this the "both/and" approach. We believe this is the right approach. Of course, the federal government should track and measure improvements in respiratory health, localized pollution levels, employment levels in green jobs sectors, et cetera, in disadvantaged communities.<sup>18</sup> After all, California's Cap-and-Trade program did not deliver local pollution reductions in disadvantaged communities that matched the increase in green investments that it did deliver.<sup>19</sup> But although it is easy to count the percentage of investments that go to disadvantaged communities, it would be effectively impossible to reliably count the *portion* of health benefits.

Still, the 40% number raises a second question: 40% of what? If the Justice40 is only applied to a small set of narrowly climate investments, it could only steer a few billion dollars. Indeed, the Biden Administration's FY23 budget proposes to narrowly restrict Justice40 to its oddly narrow definition of climate-specific spending, which excludes the lion's share of federal spending on climate-linked investments, and thus an order of

<sup>15</sup>Ryan Kost and Yoohyun Jung. "How a Tool That Tracks California's 'Disadvantaged Communities' Is Costing S.F. Millions in State Funding." *San Francisco Chronicle*, November 23, 2021 <<https://www.sfchronicle.com/bayarea/article/california-has-a-tool-to-fund-its-most-vulnerable-16643115.php>>. (Last accessed on March 1, 2022).

<sup>16</sup>Equitable & Just National Climate Platform, "Justice40 Recommendations," 7–9, 12; Daly. "Justice40 and the Federal Budget: Challenges of Scale and Implementation," 36.

<sup>17</sup>California Air Resources Board. "California Climate Investments Annual Report." Annual Report to the Legislature (Sacramento, March 2017), 51, 57. <[https://arb.ca.gov/cc/capandtrade/auctionproceeds/ci\\_annual\\_report\\_2017.pdf](https://arb.ca.gov/cc/capandtrade/auctionproceeds/ci_annual_report_2017.pdf)>. (Last accessed on May 15, 2022).

<sup>18</sup>Daly. "Justice40 and the Federal Budget: Challenges of Scale and Implementation."

<sup>19</sup>Lara Cushing, Dan Blaustein-Rejto, Madeline Wander, Manuel Pastor, James Sadd, Allen Zhu, and Rachel Morello-Frosch. "Carbon Trading, Co-Pollutants, and Environmental Equity: Evidence from California's Cap-and-Trade Program (2011–2015)." *PLOS Medicine* 15 (July 2018): e1002604.

magnitude greater spending.<sup>20</sup> Surely a “whole-of-government” approach to fighting climate change means recognizing that most federal expenditures are climate spending in some form! The government should define climate spending broadly so that Justice40 steers hundreds of billions in investment annually. At a minimum, the 40% should apply to all investments in water infrastructure, energy, transportation, housing and other buildings, and agriculture. All these sectors play a key role in driving greenhouse gas emissions; and all these sectors will require adjustments to adapt to climate breakdown.

Environmental injustice flows from the entire structure of racist public-private investment across the U.S. economy. It follows that to remedy these injustices through adequate anti-racist green investment, Justice40 needs a comparably broad financial scope. Finally, for these reasons, the 40% should also be treated as a floor, not an aspirational ceiling.<sup>21</sup>

## **RECOMMENDATION 2: DEFINE DISADVANTAGED COMMUNITIES WITH FLEXIBILITY TO TARGET SPECIFIC NEEDS**

Although the generic principle of disproportionate investment in disadvantaged communities is straightforward, it is far from obvious how to translate that idea into concrete requirements. One issue stands out. Will there be just one or multiple metrics of disadvantage? The challenges of the California model, and New York’s innovations, are relevant.

As stated earlier, the California model created a unilinear scale of disadvantage with CalEnviroScreen by combining multiple metrics of pollution burden and socioeconomic characteristics, which led to regional conflict. An additional and distinct problem was identified in California—insufficient funds for the very poorest communities. To rectify this, California developed programs such as Transformative Climate Communities to direct funds to the most disadvantaged census tracts.<sup>22</sup>

<sup>20</sup>Office of Management and Budget, “Budget of the United States Government, Fiscal Year 2023.” (Washington, DC: Office of Management and Budget, The White House, March 2022). <[https://www.whitehouse.gov/wp-content/uploads/2022/03/budget\\_fy2023.pdf](https://www.whitehouse.gov/wp-content/uploads/2022/03/budget_fy2023.pdf)>. (Last accessed on March 25, 2022).

<sup>21</sup>Daly. “Justice40 and the Federal Budget: Challenges of Scale and Implementation,” 18, 38; White House Environmental Justice Advisory Council, “Final Recommendations: Justice40 Climate and Economic Justice Screening Tool & Executive Order 12898 Revisions,” 57; Colleen Callahan, Daniel Coffee, J.R. DeShazo, and Silvia R. González. “Making Justice40 a Reality for Frontline Communities: Lessons from State Approaches to Climate and Clean Energy Investments.” (Los Angeles: UCLA Luskin Center for Innovation, September 2021), 9. <<https://innovation.luskin.ucla.edu/wp-content/uploads/2021/10/luskin-justice40-final-web-1.pdf>>. (Last accessed on April 1, 2022).

<sup>22</sup>J.R. DeShazo and William Eisenstein. “Watts Rising: A Baseline and Progress Report on Early Implementation of the Transformative Climate Communities Program Grant.” (Los Angeles: UCLA Luskin Center for Innovation, 2020). <[https://innovation.luskin.ucla.edu/wp-content/uploads/2020/04/Watts\\_Rising.pdf](https://innovation.luskin.ucla.edu/wp-content/uploads/2020/04/Watts_Rising.pdf)>. (Last accessed on March 1, 2022).

The state recognized that even with its unilinear scoring system, different programs could be calibrated to meet different needs. It is especially important to use some kind of tiered approach to ensure that the most neglected and polluted communities receive the needed investments to achieve a decent standard of living and community flourishing.<sup>23</sup>

A single scale of disadvantage will always fail to capture nuances in vulnerability; some deserving communities will always end up excluded when there is a sharp cutoff. Adding more data points to the EJ screening tool itself will not solve this underlying program. To the community that misses out on funding by 1% of the scale of disadvantage, it will not matter whether the score was developed with 1000 variables or one.

New York State’s current proposal to address this dilemma includes avoiding the exclusive use of a single statewide scale.<sup>24</sup> Instead, it will measure disadvantage statewide, and according to three regions—statewide, New York City, and rest of state without New York City. In addition, the state has proposed using a third layer to measure disadvantage—income, irrespective of census tract. Here, the federal government’s current draft plans are promising—they suggest multiple different screens for identifying disadvantaged communities.<sup>25</sup>

But we must take that logic even further. In some cases, spatial concentration may not be an appropriate filter at all. Take New York’s current proposal. For certain specific investments—green housing retrofits in particular—all individuals at 200% of the federal poverty line or below will qualify for disproportionate investment. This will increase green investment in New York’s rural areas. It will also ensure that low-income BIPOC families who live outside formally disadvantaged communities can also benefit from targeted investment.

To be sure, the energy insecurity of rural households is not the only potentially complicating factor for targeted investment policies; rural areas also suffer disproportionate exposure to “forever chemicals” such as per- and polyfluoroalkyl substances (PFAS), data on which are not yet integrated into EJ screening tools.<sup>26</sup> This exemplifies the need for a subtle touch in finessing the targeted investment strategy. New York State also counted all tracts with significant land ownership by Indigenous Nations, or that was recognized as Reservation Territory,

<sup>23</sup>Equitable & Just National Climate Platform. “Justice40 Recommendations,” 4–5.

<sup>24</sup>New York State Department of Environmental Conservation. “New York State Climate Justice Working Group: Draft Disadvantaged Communities Criteria and List Technical Documentation.” March 9, 2022. <<https://climate.ny.gov/-/media/Project/Climate/Files/Technical-Documents-on-Disadvantaged-Community-Criteria.ashx>>. (Last accessed on April 1, 2022).

<sup>25</sup>United States Council on Environmental Quality, “Climate and Economic Justice Screening Tool (Beta).”

<sup>26</sup>Tom Perkins. “Cancer Fears Plague Residents of US Region Polluted by ‘Forever Chemicals.’” *The Guardian*, July 12, 2022. <<https://www.theguardian.com/us-news/2022/jul/12/north-carolina-pfas-toxic-forever-chemicals-cancer>>. (Last accessed on July 15, 2022).

as Indigenous Communities; these were automatically counted as disadvantaged communities that were eligible for disproportionate investment. This should be done federally. That said, widespread Indigenous demands for land-back, the end of fossil fuel extraction, and far greater sovereignty are also essential EJ positions that will require far more transformative federal policies than are currently contemplated by the Justice40 framework.<sup>27</sup>

### RECOMMENDATION 3: TAKE A PUBLIC OWNERSHIP STAKE IN FEDERALLY SUPPORTED CAPITAL-INTENSIVE CLEAN ENERGY INFRASTRUCTURE LIKE OFFSHORE WIND

One of the critical ways to increase the pot of available funding is to recognize that a large amount of seemingly private green investment is inextricably tied to public finance and regulation. The *apparently* private home mortgage is really a public-private partnership with deliberate racialized consequences. The federal government underwrites the private mortgage industry with tens of billions of dollars in tax breaks. The same public-private holds for the *apparently* private green economy.<sup>28</sup>

Of course, public buses are public. But there can also be no private electric cars without public investment in the underlying technology and the companies that produce them, public funding of supporting infrastructure, public procurement to grow the market, and manifold other public contributions.<sup>29</sup> And federally enabled capital-intensive energy development cries out for scrutiny here.<sup>30</sup> Economists of innovation are increasingly interested in linking public investment—direct and indirect—in private enterprise with ongoing public ownership.<sup>31</sup> After all, the public sector is already mobilizing resources and taking risks to advance private enterprise. Why should it be barred from also taking financial rewards?<sup>32</sup> The case is especially strong with federally supported clean energy infrastructure.

In this section, we highlight offshore wind, but we would make analogous arguments for other large-scale renewable energy developments, high-voltage transmis-

sion, and other capital-intensive clean energy infrastructure underwritten by public investment and regulation.<sup>33</sup>

The offshore wind industry exemplifies large-scale green investments' dependence on substantial state assistance—always in the form of regulatory assistance, and usually with direct and/or indirect subsidies.<sup>34</sup> What is more, many of the key offshore wind developers in the United States are state owned—by other countries. Three of the world's five largest offshore wind developers are state-owned enterprises: Orsted (Denmark), Vattenfall (Sweden), and Equinor (Norway).<sup>35</sup> Middle Eastern state-owned enterprises such as Masdar are also playing increasingly prominent roles in offshore wind. U.S. residents, workers, and communities also deserve to participate in the economic benefits from offshore wind development.<sup>36</sup>

Unlike solar panels, offshore wind cannot be built in any community—as it is built offshore. Thus, the best way to include it in a Justice40 frame is by ensuring that the revenues generated by offshore wind go to disadvantaged communities. And the best way to ensure that the public gets its fair share of revenue is to go beyond taxation and secure a public equity share.

### RECOMMENDATION 4: ENSURING COMMUNITY CONTROL OF GREEN INVESTMENTS

Community control over green investments is essential; but defining it is challenging, for the details of any particular project or program area will vary widely. There is a tension between broad but vague guidelines, and specific but narrowly applicable rules. Academic research, and our outreach to EJ leaders in California and New York has confirmed this tension over how to properly regulate a democratic partnership between

<sup>27</sup>The Red Nation. *The Red Deal: Indigenous Action to Save Our Earth*. (Common Notions, 2021).

<sup>28</sup>Mariana Mazzucato. *The Entrepreneurial State: Debunking Public vs. Private Sector Myths*. (New York: Anthem Press, 2014); Andrew Schrank and Josh Whitford. "Industrial Policy in the United States: A Neo-Polanyian Interpretation," *Politics & Society* 37 (Dec 2009): 521–553; Steven Kent Vogel. *Marketcraft: How Governments Make Markets Work*. (New York: Oxford University Press, 2018).

<sup>29</sup>Jonas Meckling and Jonas Nahm. "The Politics of Technology Bans: Industrial Policy Competition and Green Goals for the Auto Industry," *Energy Policy* 126 (Mar 1, 2019): 470–79.

<sup>30</sup>Gregory F. Nemet. *How Solar Energy Became Cheap: A Model for Low-Carbon Innovation*. (New York: Routledge/Taylor & Francis Group, 2019).

<sup>31</sup>Mazzucato, *The Entrepreneurial State*.

<sup>32</sup>Chris Benner and Manuel Pastor. *Solidarity Economics: Why Mutuality and Movements Matter*. (Cambridge, United Kingdom: Polity Press, 2021).

<sup>33</sup>Nils Gilman and Yakov Feygin. "The Mutualist Economy: A New Deal for Ownership," *White Paper* (Los Angeles: Berggruen Institute, 2021). <<https://www.berggruen.org/ideas/articles/the-mutualist-economy-a-new-deal-for-ownership/>>. (Last accessed on March 1, 2022); Saule Omarova. "The National Investment Authority: A Blueprint," (Los Angeles: Berggruen Institute, 2022). <<https://www.berggruen.org/ideas/articles/the-national-investment-authority-a-blueprint/>>. (Last accessed on April 15, 2022).

<sup>34</sup>Andrew Cumbers. "Making Space for Economic Democracy: The Danish Wind Power Revolution," United Nations Research Institute for Social Development, March 8, 2013. <<https://www.unrisd.org/thinkpiece-cumbers>>. (Last accessed on March 1, 2022); Andrew Cumbers. *Reclaiming Public Ownership: Making Space for Economic Democracy*. (London: Zed Books, 2012).

<sup>35</sup>"Top 5 Offshore Developers," *Wind Power Monthly*, March 22, 2019. <[https://www.windpowermonthly.com/article/1579928?utm\\_source=website&utm\\_medium=social](https://www.windpowermonthly.com/article/1579928?utm_source=website&utm_medium=social)>. (Last accessed on March 1, 2022).

<sup>36</sup>Johanna Bozuwa, Thea Riofrancos, Sarah Knuth, Patrick Robbins, Suzy Baker, A.L. McCullough, Kira McDonald, Chelsea Mackin, Daniel Aldana Cohen, Billy Fleming, Nick Graetz, and Neilay Shah "A New Era of Public Power: A Vision for New York Power Authority in Pursuit of Climate Justice." (Climate and Community Project and The Democracy Collaborative, 2021). <<https://www.climateandcommunity.org/a-new-era-of-public-power>>. (Last accessed on March 1, 2022).

states, community groups, and social movements.<sup>37</sup> Overall, we urge consistent participation at every level and stage of the policy and implementation processes. Most importantly, the federal government must act to increase community groups' governing capacity.

That must include funding accountable research and community participation, so that grassroots groups can take advantage of these opportunities.<sup>38</sup> This must also involve bureaucratic parsimony, reducing the load of paperwork and reporting requirements that could prevent work on the ground from being done, and providing engagement options in multiple languages, among key governance priorities.<sup>39</sup> Grants for local projects should include funds for local, institutional capacity-building, a model that has seen some success in California with the Transformative Climate Communities program. This also involves building up communities' *economic* capacity, for instance by prioritizing contractors within disadvantaged communities, and removing cost-share requirements that can slow down investments in those communities.

#### **RECOMMENDATION 5: EMBED THE JUSTICE40 TARGETED INVESTMENT IN A FRAMEWORK OF GREEN HIGH-ROAD ECONOMIC DEVELOPMENT**

For just climate and economic development, *how* targeted investments are made and what types of jobs they create are fundamental considerations that impact how effective the investments are in addressing long-standing historic disinvestment. "High-road" practices that center community involvement and create good family-sustaining jobs for the multiracial working class are essential to advancing effective targeted investment. Moreover, the high-road approach is crucial because it will help workers and communities irrespective of their designation as "disadvantaged" or not. The inevitable limitations of any specific targeted investment approach can be mitigated by embedding those mechanisms in a broader framework of equitable and anti-racist green economic development.

High-road practices ensure that communities and the state receive proper revenue and public money does not subsidize private risk. Public and private partnerships, when needed, should be mutually beneficial, with public

investment paid back through adequate taxation—and in some cases, joint public ownership, as discussed earlier. Communities should receive resources to help strengthen existing infrastructure and services that last beyond business cycles. High-road practices also focus on job quality, as well as quantity.<sup>40</sup> And, high-road practices are essential to deliver racial equity; by raising the floor of community investment and labor conditions across the board, high-road practices fight the racism latent in the American labor and housing markets.<sup>41</sup>

High-road job creation from federal spending can adopt recent state-level measures that ensure proper wage and benefit levels for workers, and support apprenticeship programs, which should target communities of color whose workers have often been excluded from full participation in well-compensated job sectors.<sup>42</sup> Illinois's Climate and Equitable Jobs Act, which passed in September 2021, provides a good example of what this could look like in practice. The act requires prevailing wage on all nonresidential wind and solar developments and electric vehicle charging stations, project labor agreements on all utility-scale wind and solar projects, and a Climate Works Pre-apprenticeship program for historically under-represented populations, including BIPOC communities.<sup>43</sup>

Tying high-road workforce development standards to decarbonization ensures that low-carbon jobs are also good jobs, and available to those historically excluded from the fossil economy. These types of standards could be attached to any federal funding, including any earmarked as Justice40 compliant. It appears that the federal Inflation Reduction Act of 2022 would use tax credit policies to incentivize some high-road standards; although we are encouraged by this recognition of the high-road imperative, we believe that more direct grant funding that includes labor and EJ standards, and an uptick of public ownership, would be more efficient and effective strategies to link economic, environmental, and social policy goals.

In addition to attaching labor standards to federal monies, government agencies can work directly with stakeholders to create and provide training for low-carbon

<sup>37</sup>Gianpaolo Baiocchi and Ernesto Ganuza. *Popular Democracy: The Paradox of Participation*. (Stanford, CA, USA: Stanford University Press, 2017); J. Mijin Cha and Manuel Pastor. "Just Transition: Framing, Organizing, and Power-Building for Decarbonization." *Energy Research & Social Science* 90 (Aug 2022): 102588.

<sup>38</sup>Gianpaolo Baiocchi, Patrick Heller, and Marcelo Kunrath Silva. *Bootstrapping Democracy: Transforming Local Governance and Civil Society in Brazil*. (Stanford, CA: Stanford University Press, 2011); White House Environmental Justice Advisory Council. "Final Recommendations: Justice40 Climate and Economic Justice Screening Tool & Executive Order 12898 Revisions."

<sup>39</sup>Equitable & Just National Climate Platform. "Justice40 Recommendations," 7–10; Kelly and Reta. "Implementing Biden's Justice40 Commitment to Combat Environmental Racism."

<sup>40</sup>Inclusive Economics. "High-Road Workforce Guide for City Climate Action," April 2021. <[https://www.usdn.org/uploads/cms/documents/workforce-guide\\_4.12.21\\_form.pdf](https://www.usdn.org/uploads/cms/documents/workforce-guide_4.12.21_form.pdf)>. (Last accessed on March 1, 2022).

<sup>41</sup>Ana Luz González-Vásquez and Magaly N. López. "The High Road to Economic Prosperity: An Assessment of the California Workforce Development Board's High Road Training Partnership Initiative." (Los Angeles: UCLA Labor Center, May 2021). <[https://www.labor.ucla.edu/wp-content/uploads/2021/05/Eval-Report\\_The-High-Road\\_UCLA-Labor-Center\\_FINAL.pdf](https://www.labor.ucla.edu/wp-content/uploads/2021/05/Eval-Report_The-High-Road_UCLA-Labor-Center_FINAL.pdf)>. (Last accessed on March 1, 2022).

<sup>42</sup>Cherrie Bucknor. "Black Workers, Unions, and Inequality." (Washington, DC: Center for Economic and Policy Research, August 2016). <<https://cepr.net/images/stories/reports/black-workers-unions-2016-08.pdf>>. (Last accessed on September 3, 2022).

<sup>43</sup>Government of Illinois. "Gov. Pritzker Signs Transformative Legislation Establishing Illinois as a National Leader on Climate Action." September 15, 2021. <<https://www.illinois.gov/news/press-release.23893.html>>. (Last accessed on September 24, 2022).



careers. The Los Angeles County Department of Workforce Development, Aging, and Community Services worked with the advocacy organization Jobs to Move America, the Steelworkers Local 675, Citrus College, and the electric vehicle manufacturing company Proterra to develop and launch an electric bus manufacturing technology training program that targeted historically under-represented groups with barriers to employment.<sup>44</sup> The training program was the first of its kind and prepared workers for good high-road manufacturing jobs in electric vehicles.

In general, the federal government can support high-road job availability by ensuring proper wage and benefit levels for workers, and supporting apprenticeship programs, which should target communities of color whose workers have often been excluded from full participation in well-compensated job sectors. Protecting the right to organize supports both of these goals because unions fight for good wages, benefits, training, and career pathways for workers; in turn, this will especially benefit workers of color. Taken together, these actions can help create high-road jobs in the growing low-carbon economy.

In our view, a high-road regime also involves community stabilization, through policy frameworks such as a housing guarantee, which in turn require investments in affordable housing, grant-funded retrofits to existing low-income and affordable housing, and policies such as federal rent control to prevent the displacement of low-income residents when localized green investments raise property values.<sup>45</sup> All this work should be done with strong labor protections, such as prevailing wage, project-labor agreements, and neutrality agreements that would allow unorganized workforces to unionize. It is essential to ensure that new investments do not induce green gentrification, hence the need to always pair green investments with housing justice policy.<sup>46</sup>

And high-road practices should also be the foundation of American trade policy. The benefits of this kind of investment should be global, and trade policies should assist developing countries in the Global South as they too prioritize workers' rights and EJ.<sup>47</sup> Ultimately, a

domestic Justice40 would ring hollow if it did nothing to curb toxic mining, environmental racism, and the exploitation of cheap labor beyond U.S. borders.

## CONCLUSION: TRANSFORMATIVE INVESTMENTS TO ADDRESS EMERGENCIES AT SCALE

Environmental injustice is a manifestation of the historic contradictions of American racial capitalism. Achieving greater justice while stabilizing the climate will not be cheap, quick, or easy. We believe that the basic principles of disproportionate targeted investment are sound. They will also be difficult to implement and must be embedded in a broader approach to overhauling the country's political economy. We recognize the major political barriers to some of the proposals we have laid out here. Nonetheless, now is the essential time to define what it would take for Justice40—and other future frameworks for anti-racist green investment—to make substantial progress, even if it takes time and effort to achieve far-reaching proposals.

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Address correspondence to:

Daniel Aldana Cohen  
Department of Sociology  
University of California, Berkeley  
410 Social Science Building  
Berkeley, CA 94720  
USA

E-mail: dacohen@berkeley.edu

<sup>44</sup>Jobs to Move America. "Labor and Community Groups Sign Landmark Community Benefits Agreement with Proterra." December 23, 2020. <<https://jobstomoveamerica.org/press-release/labor-and-community-groups-sign-landmark-community-benefits-agreement-with-proterra>>. (Last accessed on July 15, 2022).

<sup>45</sup>People's Action. "A National Homes Guarantee." Briefing Book, September 5, 2019. <<https://ppls.ac/HGBB>>. (Last accessed on March 1, 2022).

<sup>46</sup>Jennifer L. Rice, Daniel Aldana Cohen, Joshua Long, and Jason R. Jurjevich. "Contradictions of the Climate-Friendly City: New Perspectives on Eco-Gentrification and Housing Justice." *International Journal of Urban and Regional Research* 44 (Mar 2020): 146–165; Melissa Checker. "Wiped Out by the 'Greenwave': Environmental Gentrification and the Paradoxical Politics of Urban Sustainability." *City & Society* 23 (2011): 210–229.

<sup>47</sup>Aronoff, et al. *A Planet to Win*; David Ciptet, J. Timmons Roberts, and Mizan R. Khan. *Power in a Warming World: The New Global Politics of Climate Change and the Remaking of Environmental Inequality*. (Cambridge, MA: MIT Press, 2015).