Environmental Sustainability Adoption and Financial Management in U.S. Cities

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credit: Portland State Sustainability

The 2010 ICMA survey on local government sustainability policies and programs suggests that many American cities are still at the early stages of developing and implementing climate mitigation policies. While over 95 percent of the respondents view the environment as at least “somewhat a priority,” close to 50 percent do not recognize climate change as a policy priority in their jurisdiction. The low level of explicit commitment to climate change mitigation at the level of single local jurisdictions is not surprising because climate change mitigation is a global public good that is both non-rival and non-excludable. Widely distributed benefits, high costs of provision, and a high potential for free-riding creates disincentives for local governments to invest in climate mitigation..

Yet, cities do engage in a wide range of sustainability-related policies and activities that address environmental concerns. The ICMA survey lists 109 sustainability-related activities across twelve dimensions of environmental sustainability and, on average, governments engage in about 20 of these activities. The most common of them include recycling, water and energy conservation, transportation and energy use improvements. Not surprisingly, the least common policies involve climate-change mitigation practices such as the use of alternative energy, transportation alternatives, and monitoring and reduction of greenhouse gas emissions.

Are Cities alike in Pursuing Environmental Sustainability?

Cities differ widely in the scope of their sustainability commitment. Cities in the West of the U.S. are significantly more committed to sustainability practices than cities in other regions, as evidenced by a higher number of sustainability initiatives they pursue. Larger cities with higher median household incomes are also more likely to commit to sustainability goals and practices. This finding provides support to the notion of the environmental Kuznets curve, where the demand for environmental protection grows along with the growth in wealth after the latter reaches a certain level.

Interestingly, how cities are governed matters as well. Cities governed by city managers are more likely to adopt sustainability practices than cities with other governance arrangements (such as strong elected mayors). Arguably, this reflects the role of professional administrative training in responding to the modern challenges of urban development. Cities in the states that pursue and promote sustainability are also more likely to adopt sustainability measures, highlighting that local sustainability adoption is responsive to the state-level policy environments. Our own analysis of the data on municipal sustainability and voting behavior suggests that the median voter political ideology also affects sustainability commitments. A strong negative association exists between the share of Republican-voting residents in a city and its willingness to pursue sustainable development.

Budgets and Sustainability

It is not clear how sustainability commitment affects allocations to different policies in municipal budgets. On the one hand, when sustainable initiatives are funded from additional revenues, spending on sustainability should not cut into other spending categories. On the other hand, most city governments may not have much leeway in tapping into new revenue sources if they operate in a challenging budgetary environment. As a result, a sustainability-oriented municipality may need to redirect spending to a few prioritized programs to meet its sustainability objectives. Climate change mitigation may not fall in this category.

In conclusion, after President Trumps' announced withdrawal from the 2015 Paris Accord many commentators claimed that cities will be able to pick up the slack. We urge caution in this regard. It is important to recognize that climate mitigation policies involve sizeable costs, and most cities are already finally over-stretched in meeting their existing obligations. Of course, climate action does not have to crowd out existing policies. But this assumes that cities can and are willing to raise additional revenue. Cities could raise taxes, float bonds, and introduce levies to finance climate mitigation policies. All true but there is a significant political downside to asking citizens to pay for policies that benefit the world, instead of policies that create local, visible, and immediate benefits. Climate mitigation policies often do not fall in this category (adaptation policies might not have the same political problems). Hence, instead of uncritically accepting the sound bites about how cities will pick up the slack on climate change mitigation, public administrators and scholars will need to carefully watch the extent to which cities are walking the climate talk.

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