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# Federal Grants to States: Opportunities for Climate Change Assessment, Planning, Programs, and Information Exchange

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## SUMMARY

The COVID-19 pandemic has underscored the critical relationship between the federal and state governments' response to nationwide crisis. More than anything else, the ability of state leaders to respond ably and nimbly to the specific challenges of their jurisdictions has come to the fore and probably reoriented the federal/state relationship for years to come. The lessons we learn from the mobilization in response to the COVID disaster should be applied as we prepare for another disaster that is putting increasing demands on state and federal resources: climate change.

With states and the federal government all having essential roles to fulfill in the response to national disasters, an effective federal-state partnership should be at the heart of a nationwide climate strategy. This partnership should have many components. In this policy brief, we focus on one critical component that can and should be moved on quickly as part of any federal program to address climate change: the expansion of federal/state grant programs that support state governments in climate change assessment, planning, programs, and information exchange. This conversation is particularly apt as the nation considers what types of public investment will help spur the economy into recovery from impact of the COVID pandemic.

Despite spending $11.3 billion annually on clean energy technology and climate science,[1] Congress has not established a coordinated and adequately funded set of state grant programs dedicated to assisting states with climate assessment, planning, and programs.[2] This is a missed opportunity to equitably support all states as the nation responds to climate change.

Federally directed state grants could catalyze low carbon technology innovation, reduce emissions, and demonstrate America's global climate leadership. State grants could also improve state planning and preparedness for climate-related disasters, which would in turn improve public safety, protect public health, reduce economic disruption, and reduce federal expenditures for disaster responses.

States have a critical role in building and shaping the economy and infrastructure. By moving quickly to boost states' capacity for early climate planning, the federal government can boost the effectiveness and durability of other federal and state spending and incentives on economic recovery, infrastructure, clean energy, climate change, and pandemic responses. With proper planning, states can help steer investments to ensure that economic and environmental goals go hand-in-hand, rather than sending critical public investment dollars in different directions.

## INTRODUCTION

This policy brief investigates what currently available grant tools are already available to the federal government that could be bolstered with funding directed to help states undertake climate change assessment, planning, programs, and information exchange.

Climate planning grants could fairly and equitably help all states address climate change, from technology innovation to disaster preparedness.

In addition, state climate planning grants can help states fulfill their critical role in building and shaping the economy and infrastructure, including the deployment of recovery funding. Many have suggested economic recovery funding should be directed towards transitioning the energy system to reliable, zero-carbon energy.

Based on the prior experience of the 2008–09 recession, it is not always simple to deploy large expenditures towards energy projects, or any other major infrastructural investments, in a cost-effective way absent a good planning process. When the moment arrives, there are often insufficient projects that have been well-planned or rendered "shovel-ready." Timely planning resources for states could help shine a light on an expanded pipeline of "shovel-ready" projects that meet the dual goals of recovering our economy and taking action on climate change.

## STATES HAVE AN ESSENTIAL ROLE IN ADDRESSING CLIMATE CHANGE

- States play a significant role in public health, infrastructure, commerce, and environmental planning decisions.
- States are also laboratories for innovation in meeting new challenges.
- States can optimize climate programs at the local level to match each state's unique set of economic and climatic circumstances.

1. U.S. Government Accountability Office. "CLIMATE CHANGE: Analysis of Reported Federal Funding," GAO-18-223. Washington, DC, April 2018. https://www.gao.gov/assets/700/691572.pdf.
2. Some state grant programs, such as Low-Income Home Energy Assistance Program grants, have significant climate co-benefits, and states occasionally make use of climate-related grants under other programs. But there is no dedicated state grant program that provides all 50 states an opportunity to broadly build capacity for climate assessment, planning, and programs.

## STATES NEED FEDERAL ASSISTANCE FOR CLIMATE CHANGE ASSESSMENT, PLANNING, PROGRAMS, AND INFORMATION EXCHANGE

- States have few resources deployed toward climate assessments, planning, and programs.
- Over the past decade, states have slashed budgets and eliminated 4,400 positions at agencies responsible for protecting the environment.[3] Even as budgets have shrunk, state environmental departments and energy offices have been facing increased operational responsibilities (cybersecurity, terrorism, pandemics, etc.), leaving little room to expand climate capacity without assistance.
- The volume of new scientific and economic information available on climate change grows rapidly and is beyond the current capacity of most states to fully assimilate and assess.
- Federal grants account for about one-third of total state government budgets, via competitive grants, formula funding, and other direct payments. The federal government provides about $750 billion annually in state grants for transportation, health care, education, job training, social services, community development, income security, and environmental protection.[4] While there are anecdotes and examples of federal agencies providing climate assistance to states, the dollar amount is likely low, and Congress has not yet addressed the need for a coordinated and robust program of state climate grants.
- Funds should be allocated equitably and fairly across the nation to all states. States that have done the least climate planning have the most to gain from federal assistance by building capacity that currently doesn't exist. At the same time, climate leadership states will also benefit by being able to test new planning and programs and better assess and share the results of their pilot efforts.
- All states would benefit from greater information exchange of climate data, best practices, and lessons learned.

## STATES' SUCCESS ON CLIMATE CHANGE HAS FEDERAL BENEFITS

- State innovation to reduce greenhouse gas emissions can multiply the beneficial impact of federal spending on low emission technologies and strategies, such as RD&D.
- State innovation and success at reducing greenhouse gas emissions can help further reduce the United States emissions footprint and demonstrate global leadership.
- State planning and preparedness can improve nationwide resiliency to climate change impacts and reduce the financial strain on the federal government.[5]

3. Environmental Integrity Project. 2019. "During a Time of Cutbacks at EPA, 30 States Also Slashed Funding for State Environmental Agencies," December 5. https://environmentalintegrity.org/news/state-funding-for-environmental-programs-slashed/.
4. GAO, "Federal Grants to State and Local Governments: A Historical Perspective on Contemporary Issues," Updated May 22, 2019.
5. According to GAO, "As a result of climate-related risks, fiscal exposure for the federal government has increased in many areas, including federal property and infrastructure, supply chains, disaster aid, and federal insurance programs." Also according to GAO, information on the potential economic impacts of climate change "could help federal, state, local, and private sector decision makers manage climate risks that drive federal fiscal exposure." GAO recommends: "The federal government needs a government-wide approach for providing federal, state, local, and private-sector decision makers with (1) the best available climate-related information, and (2) assistance for translating climate-related data into accessible information.

## IMPLEMENTATION COULD RELY ON EXISTING STATE GRANT PROGRAMS

Congress could appropriate increased funds to well-known, existing programs. The new (increased) funding would be dedicated to supporting climate change assessment, planning, programs, and information exchange.

Utilizing existing programs is often a more practical way to get dollars to states. For example, the majority of recovery funds under the 2009 American Recovery and Reinvestment Act were deployed by expanding or boosting existing programs. According to congressional veterans Franz Wuerfmannsdobler and Kim Dean, now with the Bipartisan Policy Center:

> *Congress considered a large number of interesting policy ideas leading up to the passage of ARRA. Those that utilized existing federal mechanisms could take advantage of administrative processes that were already in place to carry out the task as quickly as possible. If the goal is to get dollars into the economy with minimum delay, then leveraging existing statutory authorities and programs, financial tools, and tax mechanisms work best. By contrast, implementing a new policy typically requires an agency to first develop rules and set up new administrative procedures, which can slow funding flows. At the same time, legislation could be flexible enough to provide agencies some creative license to push the bounds of their authorities.*[6]

Grants should be offered to states, territories, tribes, and Washington, DC. Using existing state programs, funds would be allocated, matched and overseen using the same formula and practices for existing programs. Additional funding should be provided to the relevant agencies to administer these grants.

Example programs to consider include:

- Department of Energy's State Energy Program (SEP)
- EPA State and Tribal Assistance Grants (STAG), including Clean Air Act section 105 grants[7]
- Department of Transportation grants, including the Better Utilizing Investments to Leverage Development (BUILD) Transportation Discretionary Grants program
- Economic Development Administration grants administered by the Department of Commerce
- Community Development Block Grants administered by the Department of Housing and Urban Development

6. Wuerfmannsdobler, F., and K. Dean. 2020. "Practical Advice for Recovery Energy Policy Design," BPC Action, April 1. https://bpcaction.org/2020/04/practical-advice-for-recovery-energy-policy-design/.

7. "Section 105 of the CAA provides EPA with the authority to award grants to state and local air pollution control agencies to develop and implement continuing environmental and public health programs, such as: prevention and control of air pollution, implementation of National Ambient Air Quality Standards (NAAQS) set to protect public health and the environment, and improving visibility in our national parks and wilderness areas (Class I areas). The continuing activities funded under Section 105 include: development and implementation of preconstruction permit programs; emission reduction measures; development and operation of air quality monitoring networks, and other air program activities, including training." Source: EPA. 2019. "Fiscal Year 2020 Justification of Appropriation Estimates for the Committee on Appropriations; Tab 10: State and Tribal Assistance Grants," EPA-190-R-19-002, March. p. 571. https://www.epa.gov/sites/production/files/2019-04/documents/fy20-cj-10-stag.pdf.