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The Clean Air Act (CAA) has been a tremendous success story for reducing air pollution, but despite nationwide progress, 30% of Americans—about 97 million people—still live in areas with unhealthy levels of ozone or particle pollution, and millions are exposed to dangerous levels of other hazardous air pollutants. Unfortunately, vulnerable communities bear a disproportionate level of harm.

Much of the challenge of addressing climate change remains before us, and the pathways available to clean up the air and to protect vulnerable communities will become harder and more expensive. The federal government needs to do its part to preserve and advance the gains we have made.

Despite billions of dollars for transportation and energy programs included in recent infrastructure legislation, the EPA funding for Sections 103 and 105 grants that support state and local clean air and climate agencies has been essentially flatlined for nearly 20 years, despite many new regulations and requirements. While federal grants to these state and local agencies were originally intended to cover the lion's share of the cost of implementing the CAA, today they cover less than a quarter of that, with the remainder coming from state and local governments themselves and from fees charged to some regulated entities.

Major source fees are not the answer, since the CAA restricts their use to supporting the operating permit program only, and they cannot be used for other activities. Moreover, as our programs clean up pollution, the amount of funding available from fees that are paid by regulated entities is going down.

NACAA developed its FY 2023 funding recommendations by surveying our 153 agencies across the country and asking what it would take to meet existing shortfalls and reasonably expected future needs. To meet current and expected obligations the federal government should provide:

- \$500 million in Section 103 and 105 federal grants to state and local air agencies to carry out current programs and new challenges
- flexibility for state and local air agencies to use federal grants for their highest-priority needs. As much as possible, these grant increases should not require matching funds (including keeping funding for fine particulate matter monitoring under Section 103 authority)
- if significant climate legislation passes, adequate funds to state and local agencies and municipalities to allow them to carry out the law's requirements, even if those agencies and municipalities do not currently receive Section 103 and Section 105 grants directly.

State and local agencies have made do for decades, but continued shortfalls in federal funding will leave communities at risk and will result in cuts to existing programs, just as climate change and air pollution are exacerbated. Additional funding would support:

- Advancing new programs and expanding existing clean air efforts that protect vulnerable communities that continue to bear the greatest pollution burdens
- Support for pollution detection and visualization through air monitors, sensors, and airborne and mobile detection equipment for criteria pollutants, air toxics, and emerging contaminants
- Support for small business programs and emission reductions from smaller sources, including inspections, compliance assistance, and technical support
- Addressing climate change, both with emission reduction programs that include planning, monitoring, permitting, and enforcement; as well as energy-transition assistance for communities dependent on fossil fuels, and adaptation and resilience against wildfire smoke and for frontline communities that face extreme weather and other climate impacts.

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