

**Testimony of the National Association of Clean Air Agencies (NACAA)
Submitted to the Senate Appropriations Committee
Subcommittee on Interior, Environment, and Related Agencies
Regarding the FY 2024 Budget for the U.S. Environmental Protection Agency
May 1, 2023**

On behalf of the National Association of Clean Air Agencies (NACAA), thank you for this opportunity to provide testimony on the FY 2024 budget for the United States Environmental Protection Agency (EPA), particularly grants to state and local air pollution control agencies under Sections 103 and 105 of the Clean Air Act (CAA), which are part of the State and Tribal Assistance Grant (STAG) program. NACAA has four recommendations with respect to FY 2024 appropriations. The association urges Congress to 1) provide \$500 million in grants to state and local air agencies, which is an increase of \$251 million over the FY 2023 appropriation of \$249 million and \$100 million above the Administration’s request; 2) provide flexibility to state and local air quality agencies to use federal grants to address the highest priority programs in their areas; 3) retain grants for monitoring fine particulate matter (PM_{2.5}) under the authority of Section 103 of the Clean Air Act, rather than shifting it to Section 105; and 4) provide grant increases under authorities of the CAA that do not require matching funds (e.g., Section 103) as much as possible to allow agencies that do not have sufficient matching funds to still obtain the additional grants.

NACAA is the national, non-partisan, non-profit association of air pollution control agencies in 40 states, including 117 local air agencies, the District of Columbia and five territories. NACAA exists to advance the equitable protection of clean air and public health for all, and to improve the capability and effectiveness of state and local air agencies. These agencies have the “primary responsibility” under the CAA for implementing our nation’s clean air programs. As such, they conduct an array of critical activities intended to improve and maintain air quality and protect public health.

Air Pollution Poses Serious Public Health Problems

Overall, very few problems this subcommittee addresses pose greater threats to public health than air pollution and climate change. Air quality programs under the CAA have greatly reduced air pollution while, at the same time, our country has continued to experience strong economic growth.¹ However, air pollution continues to threaten public health and welfare, especially in overburdened environmental justice communities that disproportionately suffer adverse human health and environmental impacts.

Every year tens of thousands of Americans die prematurely from air pollution and millions are exposed to unhealthy levels of air contaminants, resulting in cancer, damage to respiratory, cardiovascular, neurological and reproductive systems and other health problems.² In 2021, approximately 30 percent of the U.S. population – about 102 million people – lived in areas that

¹ <https://www.epa.gov/air-trends/air-quality-national-summary>

² <https://www.epa.gov/clean-air-act-overview/air-pollution-current-and-future-challenges>

exceeded one or more federal health-based air pollution standards.³ Additionally, EPA’s most recent hazardous air pollution data show that “millions of people live in areas where air toxics pose potential health concerns.”⁴ Environmental justice communities are particularly at risk.

With respect to climate change, there is much work to be done to address increasing greenhouse gas emissions that result in more and worse wildfires, longer ozone seasons and upward-trending global temperatures. State and local governments have led the way by instituting some of our nation’s strongest climate change programs, making meaningful progress towards reducing greenhouse gases. It is essential that these and other programs be well funded.

State and Local Air Agencies Continue to Be Underfunded

Under the CAA, state and local agencies have the primary responsibility for implementing the federal clean air program. This massive undertaking calls for monitoring, issuing permits, planning, developing emission-reduction strategies, enforcing rules, educating the public, hiring and training staff and conducting many other complex activities. Increasingly, these agencies are tasked with new and high-priority responsibilities to reduce air pollution, address the disproportionate harm facing overburdened communities and tackle climate change. Unfortunately, this simply cannot be accomplished with current levels of funding.

State and local air agencies have been underfunded for many years. Federal grants to state and local air quality agencies (under Sections 103 and 105 of the CAA) were not much higher in FY 2023 than they were 20 years ago, representing a substantial decrease in purchasing power when factoring in inflation. During this time, air quality issues have become more and more complicated and costly. Moreover, while federal grants were originally intended to cover 60 percent of the cost of implementing the CAA, they cover less than a quarter of that today, with the remainder coming largely from state and local programs themselves.

Funds from Recent Legislation and Permit Fees are Not the Answer

On August 12, 2022, Congress passed the Inflation Reduction Act (IRA),⁵ which includes essential and welcome funding for state and local air agencies to address climate change in particular. However, the IRA funds are not a substitute for the increases NACAA recommends, the latter of which are intended to make up for the historical deficits in state and local grant funding and bring the appropriations to the level they should be for these agencies to carry out the ongoing responsibilities that existed prior to the IRA and will continue into the future. It is essential that many state and local agencies hire new staff to carry out their traditional responsibilities and new programs to address more complex clean air and climate change programs. To cover the continuing costs of increased staffing, agencies require ongoing and permanent additional resources, such as those we are recommending here. The limited-time IRA funds will not replace the need for such increases. Finally, the successful implementation of the IRA will likely increase the responsibilities typically borne by state and local air agencies’ core programs, but for which the measure did not allocate specific additional funding.

³ <https://www.epa.gov/air-trends/air-quality-national-summary>

⁴ https://www.epa.gov/system/files/documents/2023-02/AirToxScreen_2018%20TSD.pdf (page 113)

⁵ <https://www.congress.gov/bill/117th-congress/house-bill/5376/text>

Similarly, funds from the Infrastructure Investment and Jobs Act⁶ are not the solution, as most are directed to water and infrastructure projects. While worthwhile, they do not address the day-to-day work of state and local air agencies and much of those funds are tied to specific new work, rather than existing responsibilities, which does not address the current funding deficit.

Finally, the permit fee program under Title V of the Clean Air Act is not the solution to state and local air agencies' financial problems. While it provides essential revenues, it has significant limitations. First, Title V fees only support the operating permit program and must not be used for other activities (i.e., federal grants and permit fees must not be mingled). Second, those fees apply only to major sources and do not cover the significant costs for non-major sources (e.g., permits, monitoring, enforcement, compliance assistance). Third, the current fees already are substantial and there would be considerable resistance to any increases. Fourth, and perhaps most significantly, fee revenue has decreased drastically due to reductions in emissions on which they are based (i.e., success in controlling emissions results in diminished fee revenue).

These two significant pieces of legislation and the Title V fee program, while important to state and local agencies, are not the solutions to the funding shortfall. Traditional federal grants must be expanded to meet the significant resource requirements.

How Would Additional Funding Be Used?

Many agencies report inadequate funding for the basic responsibilities identified above, which are the foundations of their programs. The recommended increases would allow for the continuation of these essential activities. In addition, increased federal grants would support:

- advancing new programs and expanding existing efforts that protect all Americans, especially vulnerable communities that continue to bear the greatest pollution burdens;
- strengthening pollution detection and visualization efforts through monitors, sensors and airborne- and mobile-detection equipment for a variety of pollutants;
- supporting small business programs and emission reductions from smaller sources, including inspections, compliance assistance and technical support;
- addressing climate change with efforts including planning, monitoring, permitting and enforcement; energy-transition assistance for communities dependent on fossil fuels; and adaptation and resilience for communities that face extreme weather and climate impacts;
- empowering state and local agencies to take on the additional air quality responsibilities in new federal clean energy and clean transportation programs; and
- tackling the ever-increasing threats posed by wildfires, including mitigating adverse health impacts and communicating with the public.

Agencies Need Flexibility in the Use of Grants

Air pollution problems are not the same everywhere and each state or local agency must adapt its approach to fit its unique circumstances and the issues facing its community. A one-

⁶ <https://www.congress.gov/bill/117th-congress/house-bill/3684/text>

size-fits-all strategy for grants applied nationally may not recognize the need to focus resources effectively. Therefore, NACAA recommends that Congress provide state and local air agencies with the flexibility to use grant funds on the highest priority programs in their areas.

Allow Agencies that Cannot Match to Receive Grants

Section 105 of the Clean Air Act requires grant recipients to provide matching funds, while Section 103 does not. Providing certain grants under Section 103 authority, therefore, is very helpful for those state or local agencies that are unable to raise additional matching funds.

In the past, EPA has proposed shifting the PM_{2.5} monitoring grant program from Section 103 authority to Section 105. NACAA has asked Congress in previous years to retain PM_{2.5} monitoring grants under Section 103 so that no agencies would be forced to refuse critical monitoring grants due to their inability to afford the required match. We are very grateful that Congress has been agreeable to this request in the past and we ask that these funds once again remain under Section 103 authority in FY 2024.

Concerns about agencies' abilities to match grant funds go beyond just the PM_{2.5} monitoring grant program, however. While some agencies have adequate matching funds, others do not. Often, these are the same agencies in dire need of the additional grants we are seeking. Therefore, we request that Congress provide as much of the grant increase as possible under authorities that do not require matching funds (e.g., Section 103), so that no agency would be ineligible for the additional grants, even if they do not have sufficient matching funds.

Conclusion

Federal grants to state and local air quality agencies are a relatively small piece of the national budget. Yet the return on investment is among the highest when considering the benefits of protecting public health and the environment against the serious threats posed by air pollution and climate change.

State and local air quality agencies' efforts to protect and improve air quality are critically important both for public health and a sound economy. NACAA recommends that in FY 2024 Congress 1) provide \$500 million in grants to state and local air agencies, which is an increase of \$251 million over the FY 2023 appropriation of \$249 million and \$100 million above the Administration's request; 2) provide flexibility to state and local air quality agencies to use federal grants to address the highest priority programs in their areas; 3) retain grants for monitoring PM_{2.5} under the authority of Section 103 of the Clean Air Act, rather than shifting it to Section 105; and 4) provide grant increases under authorities of the CAA that do not require matching funds (e.g., Section 103) as much as possible to allow agencies that do not have sufficient matching funds to still obtain the additional grants.

Thank you very much for this opportunity to provide testimony. If you require additional information, please contact Miles Keogh (mkeogh@4cleanair.org) or Mary Sullivan Douglas (mdouglas@4cleanair.org) of NACAA.