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May 4, 2022

Flexible Recovery Funds Offer States a Tool to Advance Environmental Justice

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States are taking steps to advance environmental protection and environmental justice using flexible State and Local Fiscal Recovery Funds (FRF) provided through the American Rescue Plan. With a collective $70 billion in FRF remaining,[1] states can use these funds to build healthier, more equitable, climate-resilient communities. Sixteen states, Washington, D.C., and Puerto Rico have allocated a combined $2.1 billion of their FRF toward environmental initiatives,[2] including cleanups of industrial pollution and preservation of natural habitats.

Climate change and other environmental challenges pose a serious risk to people's health and well-being, especially those with low incomes and communities of color. Some state and local governments are confronting these challenges head-on, using Fiscal Recovery Funds to invest in efforts to reduce carbon emissions and improve energy efficiency, stem pollution, clean up environmental hazards, and mitigate or reduce harm to habitats from a variety of sources. States are actively monitoring environmental needs and changes to preemptively mitigate the consequences of climate change, which can result in costly remediation and long-term health effects.[3] States also can protect and restore the natural environment by mitigating and reversing harm to habitats through solar or wind energy projects.

Additional environmental spending should be targeted to those who routinely experience disproportionate harm from environmental challenges and other crises, such as recessions and public health emergencies. Individuals and households with low incomes and Black, Indigenous, and People of Color (BIPOC) — who have been hit hardest by the COVID-19 pandemic — also have

[1] This report reflects data collected by CBPP on state uses of Fiscal Recovery Funds. It relies in part on extensive Fiscal Recovery Fund tracking conducted by the National Conference of State Legislatures.

[2] This total includes FRF weatherization investments, which CBPP also categorized under housing repairs, but excludes $9.8 billion in water and sewer infrastructure spending for all states, D.C., and the U.S. Territories.

[3] Hurricanes Ida and Sandy represent two examples of the danger and fiscal costs that severe storms, which are expected to become more common due to climate change, pose to communities. Hurricane Sandy caused an estimated $70 billion in damage. Nathan Rott, "Climate Change's Impact On Hurricane Sandy Has A Price: $8 Billion," National Public Radio, May 18, 2021, https://www.npr.org/2021/05/18/997666304/climate-changes-impact-on-hurricane-sandy-has-a-price-8-billion.

been the most impacted by climate change and industrial pollution.[4] Thus, targeting FRF to environmental investments can be part of an equitable, antiracist pandemic recovery.

State Investments Can Advance Environmental Justice

Environmental justice policies and practices aim to reduce or eliminate environmental harm under the guidance of communities that experience climate change's consequences firsthand. Communities with low incomes and Black and brown communities disproportionately face many of these impacts, such as community displacement, geographic deterioration, and agricultural disruption.[5] For example, individuals with low incomes are likelier to live in homes that are more vulnerable to natural disasters and experience property damage, homelessness, and physical and financial impacts.[6] States, localities, and families are often left to cover these aftermath expenses.[7]

Targeting environmental investments to people with low incomes and communities of color is critical to redressing past injustices and advancing racial equity. Harmful environmental policies and regulations are often rooted in systemic racism and other forms of oppression.[8] For example, policymakers and private industrial interests in Louisiana have since the mid-1800s concentrated petrochemical plants along the Mississippi River in predominantly Black communities, which increases the rate of cancer and respiratory illnesses, and high pollution levels prevent residents from selling their homes.[9] State investments in policies to improve environmental conditions can help build more equitable communities, advancing environmental justice nationwide.

Fiscal Recovery Funds Support Range of Environmental Initiatives

The Fiscal Recovery Funds present a historic opportunity for states and localities to fund transformative, long-term investments in the environment, with a focus on communities that have been most severely impacted by pollution, climate change, and natural disasters. The following are examples of climate-related investments states and localities are making.

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[4] S. Nazrul Islam and John Winkel, "Climate Change and Social Inequality," United Nations Department of Economic and Social Affairs, Working Paper No. 152, October 2017, https://www.un.org/esa/desa/papers/2017/wp152_2017.pdf.

[5] U.S. Environmental Protection Agency, "Understanding the Connections Between Climate Change and Human Health," https://www.epa.gov/climate-indicators/understanding-connections-between-climate-change-and-human-health.

[6] U.S. Department of Health and Human Services, "Greater Impact: How Disasters Affect People of Low Socioeconomic Status," Substance Abuse and Mental Health Services Administration, July 2017, https://www.samhsa.gov/sites/default/files/dtac/srb-low-ses_2.pdf.

[7] Elli Ntakou, F. Selin Yanikara, and Jeff Schlegelmilch, "U.S. Cities and Climate Change: Status and Roadmap for the Future," IEEE Smart Cities, September 2021, https://smartcities.ieee.org/newsletter/september-2021/us-cities-and-climate-change-status-and-roadmap-for-the-future.

[8] Lesley Fleishman and Marcus Franklin, "Fumes Across the Fence-Line: The Health Impacts of Air Pollution from Oil and Gas Facilities on African American Communities," National Association for the Advancement of Colored People, November 2017, http://www.catf.us/wp-content/uploads/2017/11/CATF_Pub_FumesAcrossTheFenceLine.pdf.

[9] Anya Groner, "Louisiana Chemical Plants Are Thriving Off Slavery," *The Atlantic,* May 7, 2021, https://www.theatlantic.com/culture/archive/2021/05/louisiana-chemical-plants-thriving-off-slavery/618769/.

Energy Efficiency

Energy efficiency investments are a cost-effective approach to fighting climate change and to helping households with low incomes afford energy bills. Households with low incomes typically pay about 13.9 percent of their income in energy costs, compared to 3 percent for other households, a 2020 study found.[10] Weatherization, electrification, and solar initiatives can reduce energy costs and pollution's harmful effects. For instance, electrification replaces fossil fuels such as propane, heating oil, and gasoline to provide cleaner air while helping homes to reduce their overall emissions and energy bills.

- **D.C.** invested $8.2 million in grant funding for senior care facilities, hospitals, K-12 schools, universities, and hospitals to conduct energy audits, and $11 million toward the D.C. Green Bank's[11] clean energy projects — such as stormwater infrastructure, low-cost solar energy, and LED lighting for efficient energy use — to help D.C. reduce greenhouse gas emissions and energy consumption.[12] The District also allocated $17 million for community solar projects, which allow people who live in apartments or have roofs that cannot support solar to invest in off-site solar panels and receive a credit on their monthly electricity bill for the energy they generate.
- **Maine** appropriated $50 million in funding to award grants to accelerate weatherization and home efficiency upgrades, particularly for residents with low incomes. Schools, municipalities, and community organizations can also secure these grants by providing matching funds to support energy efficiency measures.
- **Maryland** used $30 million for its Strategic Energy Investment Fund, which provides funding for energy efficiency, renewable energy, and alternative transportation projects. In 2019, the program[13] funded residential and commercial projects such as solar canopies (elevated structures that host solar panels and provide shade) and geothermal heating and cooling systems, using an underground system to convert and transfer heat between buildings and the ground.

[10] U.S. Department of Energy, "Weatherization Assistance Program," Office of Energy Efficiency and Renewable Energy, January 2021, https://www.energy.gov/sites/default/files/2021/01/f82/WAP-fact-sheet_2021_0.pdf.

[11] DC Green Bank offers innovative financing solutions that prioritize making the clean economy inclusive and affordable for all D.C. residents, businesses, and community institutions.

[12] Under the Clean Energy DC Omnibus Act of 2018, Title III established the District's Building Energy Performance Standard Program to reduce greenhouse gas emissions and energy consumption by 50 percent by 2032. D.C. Department of Energy and Environment, Building Energy Performance Standards, https://doee.dc.gov/service/building-energy-performance-standards-beps.

[13] Maryland Energy Administration, "Strategic Energy Investment Fund 2019 Highlights," January 30, 2020, https://news.maryland.gov/mea/2020/01/30/strategic-investment-fund-2019-highlights/.

- **Massachusetts** appropriated $3.3 million to pilot a geothermal technology program.[14] It also allocated over $16 million for the Greening Cities Program[15] to reduce households' heating and cooling energy use by increasing tree canopies.

Industrial Pollution and Fossil Fuels

Industrial operations degrade the environment — including polluting the air, drinking water, and soil — and emissions from burning fossil fuels are a persistent concern. A few states are addressing the harmful consequences of industrial waste and fossil fuels in their communities.

- **Florida** appropriated $50 million to clean up petroleum tanks.[16] At the beginning of 2018, there were an estimated 19,000 underground petroleum storage tanks that served no use and were potentially leaking into the state's drinking water.[17]
- **New Mexico** used $3.5 million to implement a program to identify oil and natural gas wells that energy extraction companies have abandoned and failed to plug. The state has 708 such wells, with an estimated $24 million cleanup cost, which, left unaddressed, would lead to contaminated water and methane air pollution.[18]
- **Vermont** invested $11 million in the Brownfields Program[19] to identify former industrial properties, manufacturing facilities, vacant land, office spaces, and gas stations that may be contaminated or have harmful pollutants. Brownfields' redevelopment reduces health and safety hazards while creating opportunities for quality housing, recreation space, and economic development.[20]

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[14] Eversource is helping pilot a geothermal program in Framingham, Massachusetts, to determine viable options for affordable heating and cooling for homes and businesses. Construction is scheduled to begin mid-2022. See https://www.eversource.com/content/ema-c/business/save-money-energy/clean-energy-options/geothermal-pilot-program.

[15] The Bureau of Forest Fire Control and Forestry Urban and Community Forestry crews, hired within local communities, will plant trees in neighborhoods with lower tree canopy, older housing stock, higher wind speeds, and a larger renter population. Commonwealth of Massachusetts, "Greening the Gateway Cities Program," https://www.mass.gov/service-details/greening-the-gateway-cities-program.

[16] Florida Department of Environmental Protection, "Petroleum Cleanup Programs," February 14, 2022, https://floridadep.gov/waste/petroleum-restoration/content/petroleum-cleanup-programs.

[17] Craig Pittman, "High-risk underground fuel tanks in Florida await cleanup as state spends millions on easy fixes," *Tampa Bay Times,* January 6, 2018, https://www.tampabay.com/news/environment/High-risk-underground-fuel-tanks-in-Florida-await-cleanup-as-state-spends-millions-on-easy-fixes_164169197/.

[18] New Mexico Voices, "Orphaned Wells and Inadequate Bonds: How the Oil and Gas Industry Could Soon Become a Financial Burden," February 2021, https://www.nmvoices.org/archives/15157.

[19] Vermont Department of Environmental Conservation, "Brownfields Program: Helping Transform Vermont's Underutilized Developed Properties," https://dec.vermont.gov/waste-management/contaminated-sites/brownfields.

[20] Vermont Department of Environmental Conservation, "Vermont Brownfields Program," https://dec.vermont.gov/sites/dec/files/wmp/Sites/2018.Outreach.Vermont.Brownfields.Program.pdf.

Preservation of Local Habitats

To develop resilient, healthy communities and help maintain local ecosystems and protect threatened native habits, some states and territories are increasing FRF spending to actively monitor environmental changes and create effective mitigation plans.

- **Florida** allocated $100 million to strengthen coastal mapping efforts in collaboration with coastal communities to develop resiliency against flooding, erosion, and habitat changes. Coastal mapping includes gathering seafloor data for mapping habitats, restoration projects, resource management, emergency response, and hazard studies.
- **Hawai'i** appropriated $2.5 million to the agency charged with enforcing protections for historic sites, state parks, forest reserves, wildlife, marine life, and other natural resources.[21]
- **Puerto Rico** invested $10 million in environmental conservation initiatives, including protecting endangered species and ecosystems.

Research Studies to Assess Environmental Needs

A few states are using modest amounts of FRF to explore research for environmental needs. This can allow communities to assess environmental needs prior to undertaking larger environmental programs and policies. For example, some states are exploring and investing in offshore wind projects,[22] which have the potential to deliver large amounts of clean, renewable energy but also require strategic planning prior to developing the infrastructure.[23]

- **Connecticut** used $20,000 to study air quality in the town of Sherman, citing the impact of social, environmental, and economic conditions on health outcomes.
- **New Hampshire** appropriated $250,000 for a study to assess the potential impacts of developing[24] offshore wind projects in the Gulf of Maine.
- **Texas** allocated $300,000 to analyze the Coastal Texas Study[25] and assess the feasibility of constructing a coastal storm risk management and ecosystem restoration.

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[21] Hawai'i Division of Conservation and Resources Enforcement, https://dlnr.hawaii.gov/docare/.

[22] Alex Brown, "Offshore Wind Takes Off at Last. States Have Been Counting on It," Pew Charitable Trusts, February 7, 2022, https://www.pewtrusts.org/en/research-and-analysis/blogs/stateline/2022/02/07/offshore-wind-takes-off-at-last-states-have-been-counting-on-it?.

[23] U.S. Office of Energy Efficiency and Renewable Energy, "Top 10 Things You Didn't Know About Offshore Wind Energy," August, 30, 2021, https://www.energy.gov/eere/wind/articles/top-10-things-you-didnt-know-about-offshore-wind-energy.

[24] New Hampshire Department of Energy, "Deployment of Offshore Wind in the Gulf of Maine: New Hampshire Impact Assessment Consultant," October 22, 2021, https://www.energy.nh.gov/sites/g/files/ehbemt551/files/inline-documents/sonh/rfp-2021-020-offshore-wind-gulf-of-maine-consultant.pdf.

[25] Texas General Land Office, "Coastal Texas Study Overview," https://coastalstudy.texas.gov/about-the-study/overview/index.html.