

UNITED STATES CLIMATE ALLIANCE

September 13, 2021

The Honorable Shalanda Young
Director
Office of Management and Budget
Executive Office of the President
The White House
1600 Pennsylvania Ave NW
Washington, DC 20500

Dear Director Young,

I write to you on behalf of those member states of the bipartisan U.S. Climate Alliance that are under-resourced or have significant rural or minority communities that are themselves under-resourced. As we recover from the pandemic and economic crises of the past year and a half, we have a unique opportunity to not only provide immediate relief to our communities, but to also improve how we deploy federal funds in the years to come. With that in mind, we write to urge you to consider several common-sense changes to federal funding rules that will enable states with the greatest staffing, budgetary, and capacity constraints to effectively utilize – and therefore maximize the impact of – federal funding opportunities. Put simply: If these states succeed, then the country succeeds. The following recommendations will help ensure each and every state has a shot at achieving our shared goals of rebuilding and strengthening our infrastructure, growing our economy, and creating good jobs:

Increase equitable access to federal funds for under-resourced states by reducing or eliminating co-financing requirements.

- Waive match requirements. In the wake of the pandemic, many states and communities – particularly those in rural areas – are facing budget deficits, revenue volatility, and fiscal uncertainty, making it incredibly challenging to access federal funds that require a match. It is no surprise then that match requirements so often benefit the largest and best resourced states. In cases where a match is absolutely required, it should be significantly reduced (e.g., 99-to-1) or states should be permitted to match using previously granted federal funds.

Give states more flexibility regarding how and when federal funds can be deployed.

- Allow funds to be repurposed multiple times. Providing an opportunity to repurpose federal funds allows states to adapt to – and achieve – more ambitious goals and outcomes. This also helps ensure states can still utilize, and maximize, funding for programs that have expired.
- Expand who can deploy federal resources. Every governor's office should have the ability to determine which state government agencies or entities it oversees are best positioned to effectively utilize awarded federal resources consistent with a project's proposal and goals. This ensures entities are all working towards a common purpose and optimizes for successful outcomes.

Recognize capacity constraints in smaller states and reduce administrative, application, management, and reporting burdens attached to federal funding.

- Increase the share of basic state infrastructure funds that can be used to implement programs. Typically, only 3% of funds are allocated for project administration. However, the additional staff time needed to manage and administer growing or new programs often accounts for 10-15% of a project budget. States also need to hire and retain staff throughout the project cycle, so grants should be multi-year and fund administrative personnel through completion of the project.
- Scale application and reporting requirements based on project cost. Smaller projects warrant simplified, streamlined application and reporting requirements so they are not unnecessarily expensive to administer. Applicants should be allowed to submit concept notes or consult with grant officers to ensure proposed projects are competitive. This would facilitate the submission of better proposals – saving time for state and federal officials.
- Make grants formula-based or provide states tailored assistance for competitive grant applications. Smaller states often have fewer staff and less training to apply for competitive grants, putting them at a disadvantage. Formula-based grants allow federal resources to be more equitably distributed rather than being awarded to only the best resourced states. Where grants must be competitive, applicants should have access to focused, one-on-one training and support to help ensure submission of higher-quality proposals.
- Standardize income eligibility across assistance programs. Income eligibility varies across assistance programs like the Low-Income Household Water Assistance Program and the Supplemental Nutrition Assistance Program. This makes it difficult for applicant tracking and compliance and increases the administrative burden for state staff responsible for disbursing funding.
- Bundle services that support deployment of federal resources. Some large-scale projects would benefit from more integrated, coordinated, and expanded federal support and services. For example, the creation of regional workforce training centers would allow smaller states to collectively build out their workforce without having to create their own smaller, more expensive, redundant, and less effective programs that compete with each other.

With the changes detailed above and greater flexibility for under-resourced states, we can be more responsive, efficient, and equitable with our resources and achieve our shared goals.

Thank you for your consideration. We welcome the opportunity to discuss these recommendations in greater detail with you and federal agencies administering key programs, and welcome a meeting at your earliest convenience.

Sincerely,



Julie Cerqueira
Executive Director
U.S. Climate Alliance