

**IMPACTS OF PROPOSED FY 2018
BUDGET CUTS ON STATE AND LOCAL
AIR QUALITY AGENCIES**



**A REPORT BY THE
NATIONAL ASSOCIATION OF CLEAN AIR AGENCIES
(NACAA)**

MAY 22, 2017

Impacts of Proposed FY 2018 Budget Cuts on State and Local Air Quality Agencies

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Executive Summary

President Trump will release his FY 2018 federal budget on May 23, 2017, which calls for huge cuts in funding for the U.S. Environmental Protection Agency (EPA). According to a document obtained by the National Association of Clean Air Agencies (NACAA),¹ the budget will include a 31-percent reduction in EPA's overall funding (from \$8.2 billion in FY 2017 to \$5.7 billion in FY 2018), the elimination of many important environmental programs, and – the focus of this report – a 30-percent decrease in federal grants to state and local air pollution control agencies (from \$227.8 million in FY 2017 to \$159.5 million in FY 2018).

Based on advance information about what the proposed budget would include,² NACAA surveyed its members to learn what a reduction of approximately 30-percent in federal grants would mean to state and local air quality programs. The results revealed a very disturbing picture: cuts of the magnitude proposed would likely have a devastating impact on the efforts of state and local air pollution control agencies to provide healthful air quality for the American public. Indeed, if cuts of this magnitude are sustained by Congress, we fear more people will die prematurely and get sick unnecessarily.

State and local air quality agencies have faced inadequate funding for years and have already taken many steps to address their budget shortfalls. Additional cuts of 30 percent would severely impede the ability of many agencies to continue essential programs and, in the most extreme cases, some smaller local agencies could conceivably have to close their doors entirely. If such cuts are enacted, many state and local air pollution control agencies will have trouble fully implementing the Clean Air

¹ http://www.4cleanair.org/sites/default/files/Documents/EPA_FY18_Budget.pdf

² On March 21, 2017, information regarding the Administration's proposed FY 2018 budget for the U.S. Environmental Protection Agency (EPA) was released. While it did not include all the details of the proposal, it indicated that state and local grants under Sections 103 and 105 of the Clean Air Act would be reduced by 31 percent. The memorandum is available here: http://www.4cleanair.org/sites/default/files/Documents/EPA_Memo_FY_2018_Budget_March_21_2017.pdf

Act's health-based air quality standards and delivering the clean and healthful air quality that the public deserves. Additionally, these agencies could be subject to harsh sanctions under the Clean Air Act, including the withholding of millions of dollars in federal highway funds, severe emissions "off-set" limits that could interfere with economic development, and the possibility of EPA imposing Federal Implementation Plans on states.

In their responses, agency after agency painted a similar picture of severe curtailments to their programs in the face of the steep cuts being proposed: loss of staff, cancellation of programs and a diminished capacity to obtain and maintain healthful air quality. Nearly every respondent reported that cuts of this magnitude would severely reduce the benefits the agencies can provide. These include not only to the general public, with respect to decreasing air pollution, maintaining clean air and generally protecting public health, but also to the regulated community, in terms of permitting, compliance assistance and other services.

The respondents provided a long and varied list of ways in which a 30-percent reduction would impact state and local air pollution control programs, affecting nearly every function they perform. State and local agencies identified many activities to be reduced and/or eliminated, including staffing levels, monitoring, inspections, enforcement, permit issuance, compliance assistance, data analysis, equipment maintenance and complaint response, among others.

The impacts of these reductions are far reaching. Numerous agencies reported that they would be operating at a bare minimum level and that the services they provide the public would be limited or even eliminated. Perhaps most importantly, efforts to obtain healthful air quality and maintain clean air would suffer as a result of these resource constraints on their programs.

Agencies also reported that their state or local governments, which already provide the lion's share of funding for clean air programs, would not be able to make up for the reductions in federal grants through additional state or local appropriations, general funds, grants or other contributions. Additionally, several agencies noted that they could consider increasing fees to address the shortfall, but that gaining approval for additional fees is unlikely as well.

Finally, state and local air quality agencies reported that a 30-percent cut in grants could force them to turn some of their important Clean Air Act implementation work back to the federal government. As local communities, including many regulated entities, generally prefer working with their local and state agencies (as opposed to EPA), the return of responsibilities to the federal government would be a tremendous loss. Additionally, since the proposed budget calls for sharp cuts to EPA's operating budget as well, the agency would not be in a good position to take on the tasks that the state and local agencies can no longer carry out.

State and Local Air Agencies – In Their Own Words:

“A cut in our federal grant of 30 percent would impose serious and adverse impacts on our individual state and collective ability to effectively run our air pollution control programs. There would very likely be many more people in our state getting sick and possibly dying as a result of these budget cuts.”

“[We are] insufficiently staffed to assure citizens are protected from asbestos. Asbestos is a carcinogen and was widely used in buildings for fireproofing, thermal and acoustical insulation, condensation control, and decoration. Our current staffing of 5 FTEs is only able to inspect 8% of the structures. This inability to verify compliance places the public directly at risk.”

“If you cut back on enforcement programs, such as inspections and compliance assistance, your regulated community tends to be out of compliance more of the time. This can result in increased emissions which affect the health of your citizens.”

“We have been forced to cut programs—sunset Stage 2 vapor recovery, returned delegation of asbestos NESHAP, air toxics, downsized monitoring to federal minimum allowed. Permits are slower, enforcement is down.”

“If there are further reductions in federal funding, there will be a corresponding reduction in services. It is unreasonable to ask States to further supplement their programs with additional State funds.”

“Because we are at the federal minimum for our air monitoring network and unable to fully meet our planning, inventory, and asbestos compliance requirements, a reduction of 31% would be devastating. We clearly would be unable to meet the federally-mandated responsibilities.”

“Our current level of service will be significantly reduced... The level of public health protection currently provided will definitely be reduced to reflect the impacts of the budget cuts.”

“Without question, a cut of 31 percent to the already-reduced funding levels would devastate our program. Under the requested funding reductions, we would be forced to cut our staffing by at least one-third... a reduction in staffing along the proposed lines would significantly delay the issuance of permits for new construction.”

“The state and local funding cuts combined with the proposed 30% federal funding cut will result in about a 72% reduction in [our] overall budget. This will significantly impact [our] ability to be here at all, and if we are still here, it will be at a 60-70% decreased staffing level leaving us with 7-10 FTEs to manage a 6 county area. At this level, we will not be able to meet the core requirements of the state contract and federal grants.

“Enforcement would be reduced to only the most serious cases - Violations may not be detected early because there will be less report reviews, inspections, stack tests, and complaint response.”

“A reduction of federal funds may result in an air quality monitoring network that does not meet federal requirements.”

“These cuts ignore reality; because we still have to meet all the existing federal requirements, even the ones the new administration doesn't like. When we fail, due to a lack of resources, it will be local taxpayers who bear the burden of paying environmental groups' legal fees.”

“We'd no longer do any air toxics work.”

Who is NACAA?

The National Association of Clean Air Agencies (NACAA) is a national, non-partisan, non-profit association of state and local air pollution control agencies in 45 states, the District of Columbia and four territories. The air quality professionals in its member agencies have vast experience dedicated to improving air quality in the United States.

State and local air pollution control agencies (e.g., NACAA members) have primary responsibility for implementing our nation's air pollution control laws and regulations. The associations serve to encourage the exchange of information and experience among air pollution control officials; enhance communication and cooperation among federal, state and local regulatory agencies; and facilitate air pollution control activities that will result in clean, healthful air across the country.

NACAA's headquarters office is located in Washington, DC. For further information, including contact information for state and local air quality agencies, visit NACAA's web site at www.4cleanair.org or call (202) 624-7864.

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Introduction

NACAA surveyed its members to collect information and examples from state and local air quality agencies of how a reduction of approximately 30 percent in federal grants would affect their programs. NACAA selected the 30-percent cut based on an EPA internal memorandum that was published on March 21, 2017.³ The 30-percent figure was reaffirmed on Friday, May 19 when NACAA obtained a copy of the President's FY 2018 EPA budget request. The information in this report is intended to illustrate the real-world adverse impacts of such budget cuts. While state and local air pollution control agencies have not yet received detailed information about the budget or had the time to conduct full-scale analyses of the specific effects of the projected grant reductions on their programs, the information NACAA collected nevertheless offers a sense of the damaging impacts they would expect.

The information in this report reflects input from 31 state and local air quality agencies. These agencies range in size from small to large and serve areas with a variety of air pollution levels and complexities. The report includes summaries of their responses to various questions, as well as excerpts from the surveys that provide agency responses "In Their Own Words." The details provided in this report are not attributed to any specific state or local agency, since several noted that they could provide more complete information if their specific responses were not identified.

The results of the survey reveal that reductions in federal grants to state and local air pollution control agencies of the level being proposed would be devastating to these programs, which are currently underfunded and have already had to take steps in recent years to adjust to shrinking budgets. Such reductions would have an adverse impact on their ability to obtain clean air and maintain the air quality improvements that have already been accomplished.

How Do State and Local Air Quality Agencies Use Federal Grants?

The Clean Air Act calls for federal funding for state and local air pollution control agencies to implement programs "for the prevention and control of air pollution," among other things. There are many critical responsibilities that state and local air quality

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agencies must carry out under the Clean Air Act to implement a variety of essential programmatic responsibilities to obtain and maintain healthful air quality. These include not only new efforts, but also ongoing activities that constitute the “core” of their clean air activities and the day-to-day responsibilities that are the foundation of their programs.

Federal grants are not the only source of funding for state and local air quality programs, but they are a very essential one for many agencies (other sources may include state and local funding and different types of fees). Section 105 of the Clean Air Act authorizes the federal government to provide grants for up to 60 percent of the cost of state and local air programs and calls for states and localities to provide a 40-percent match. However, in reality, state and local air agencies provide over three-fourths of their budgets (not including permit fees under the federal Title V program). Section 103 grants, which have been used in recent years for the fine particulate matter monitoring program, among other things, do not need to be matched by the recipients.

For many years, state and local air pollution control agencies have struggled with insufficient resources and have done what they could to fill in the gaps. However, due to economic hardships, states and localities increasingly rely on federal grants provided by the Clean Air Act. Exacerbating the situation is the fact that federal grants have decreased by nearly 17 percent in purchasing power since 2000 due to inflation.

NACAA asked state and local air pollution control agencies for specific examples of the types of activities and programs for which they use their federal grants. They indicated they use them for a variety of critical activities and programs.

Section 105

Section 105 grants fund new efforts and the “base” or “core” air program efforts. These include many resource-intensive and time-consuming activities. One important function of state and local air quality agencies is to develop, amend and put into effect their State Implementation Plans (SIPs) for various pollutants, including ozone, particulate matter, carbon monoxide, sulfur dioxide, nitrogen oxides. The SIP-development efforts include numerous steps, such as crafting supporting technical information; consulting with transportation and other governmental officials; involving stakeholders; seeking public comment; drafting, revising and submitting proposed and/or final SIPs; making equivalency demonstrations; developing delegation requests; implementing supporting state or local regulations; and a variety of other activities. In addition to the SIP-development efforts, Section 105 grants support a host of activities, including the following:

- personnel expenses;
- issuance of permits to non-Title V sources, including minor sources, construction permits, permits to operate and others;
- inspections and stack tests;
- compliance assistance;

- enforcement;
- modeling;
- monitoring (both ambient and source-specific);
- analysis and quality assurance/control of monitoring samples and data;
- data entry;
- submission of reports and information to EPA;
- development of emission inventories;
- implementation of delegated federal programs for hazardous air pollutants (toxics), including for Maximum Achievable Control Technology (MACT) and area sources;
- training;
- travel expenses (especially critical for large states);
- development of regulations;
- smoke management;
- asbestos programs, including inspections;
- open burning programs;
- fugitive dust measures;
- complaint response (24/7);
- public outreach and education;
- air quality forecasting;
- implementation of other federal programs; and
- administrative support, including computer support and vehicles

Section 103

Agencies reported that they use Section 103 funds primarily for efforts related to the fine particulate matter (PM_{2.5}) monitoring program, including operating monitors; collecting, quality controlling/assuring, analyzing and submitting the data to EPA; maintaining, servicing and repairing the monitoring equipment and sites; operating, maintaining, servicing and repairing the labs that support the PM_{2.5} network; purchasing monitoring equipment; paying personnel to operate the monitoring program; and training staff.

State and Local Air Agencies – In Their Own Words:

“Section 105 grant funds are explicitly dedicated to personnel costs. With federal funding being level for so many years, combined with increased personnel costs, no other expenses are charged to this grant....FY17 funding...will cover approximately 31.5% of the total FTE expenditures, which is approximately 21.4% of the total budget expenditures.”

“The Section 105 grant funds are critical for the agency to be able to carry out regulatory functions that are not fee based.”

“We directly implement air quality programs that improve public health through monitoring, permitting, and enforcement. We provide a level playing field for regulated entities while assuring clean air for the citizens we serve.”

“The Section 105 grant funds are critical for the agency to be able to carry out regulatory functions that are not fee based.”

“Section 103 grant funds are applied to PM2.5 monitoring only....FY17 funding only covers 46% of one (1) full time employee (FTE). This illustrates the difficulty air agencies are already facing with inadequate federal funding.”

“The funding is used for the personnel and equipment needed to monitor the ambient air in accordance with CFR minimum requirements. It varies from year to year depending on the equipment needs, but on an annual basis we spend 50-60% of the funding for personnel to operate the equipment and the remainder goes to purchase the equipment and parts needed for maintenance.”

“This funding does not fully cover all air monitoring activities.”

“This monitoring site provides important air quality data as background information and concerning pollutants coming to the continental United States from places as far away as China.”

How Have Budget Cuts and Lack of Sufficient Funding Affected State and Local Air Quality Programs?

For many years, state and local air quality agencies have struggled with insufficient resources, budget cuts and the dwindling purchasing power of stagnant federal grants (i.e., federal grants have decreased by nearly 17 percent in purchasing power since 2000, due to inflation). While they have done their best to address these challenges, there have been negative impacts resulting from these reductions. Additional cuts to federal grants will only exacerbate these issues.

State and local agencies provided information about the measures they have already taken in the last five to seven years to address their funding shortfalls and the impacts of these struggles on their programs. Many of these examples of actions they took or the effect they had were identified by multiple, and in some cases nearly all, respondents:

- increased permitting and other fees, sometimes significantly (although agencies are prohibited from using Title V fees for many air quality program activities);
- experienced an increasing permit backlog;
- decreased the monitoring program, including reducing the number of monitoring sites (sometimes in spite of public requests for more monitoring);
- delayed purchase and replacement of equipment;
- reduced laboratory capacity, including the elimination of analytical capabilities;
- sought additional funds from the legislature;
- reduced staff, delayed hiring or did not fill vacant positions. Lower staffing levels create delays and difficulty in completing work and sometimes require hiring outside contractors to perform tasks;
- eliminated staff raises (leading to more staff turnover and difficulty in training new employees);
- decreased staff benefits;
- cut training programs for staff;
- reduced staff travel;
- cross-trained staff to be more flexible (able to do more than one function);
- reduced inspections to the bare minimum (in both thoroughness and/or number);
- eliminated or significantly reduced programs, especially non-regulatory programs such as radon and indoor air quality;
- returned delegation of programs to EPA;
- cut public outreach and education;
- struggled to meet timeframes, resulting in some late submittals to EPA;
- streamlined permitting;
- eliminated review or submittal of input on proposed regulations;
- reorganized and consolidated offices; and
- relocated office space.

State and Local Air Agencies – In Their Own Words:

“If you cut back on enforcement programs, such as inspections and compliance assistance, your regulated community tends to be out of compliance more of the time. This can result in increased emissions which affect the health of your citizens. Less public education and outreach results in the public being less informed and less supportive of air quality programs and emission reduction strategies. If construction permits are not issued quickly you can lose the support of the regulated community. Our local program has historically had a lot of industry support because we have been able to issue permits timely, which helps sources be competitive. [We] once had four permit writers and now we have only two, which makes it more difficult to get permits out quickly during upswings in business activity.”

“We have been forced to cut programs—sunset Stage 2 vapor recovery, returned delegation of asbestos NESHAP, air toxics, downsized monitoring to federal minimum allowed. Permits are slower, enforcement is down. Increased permit applicability thresholds, do permits by rule, and eliminate state only programs—noise, indirect sources, etc. Looking at other delegations to return. Cut all outreach/education.”

“Compliance has already reduced the number of required inspections to the minimum required for our grant commitments....In addition, we have not been able to observe as many third party stack testing functions and it is taking longer to review stack testing reports, facilities ACC reports and SAM reports. In addition, we have seen an increase in the number of complaints from citizens which have become increasingly more difficult to investigate in a timely manner.”

“[P]rogram continues to experience rising costs, such as an 81% increase in employee health insurance expenses absorbed by the program over the past 5 years. As such...cannot continue to provide the same measure of service. If there are further reductions in federal funding, there will be a corresponding reduction in services. It is unreasonable to ask States to further supplement their programs with additional State funds. In recent years [the agency] increased [its] level of match (increasing its Maintenance of Effort (MOE)) to compensate for rising costs or reduced federal funding, essentially living up to its end of the bargain.”

"[We are] insufficiently staffed to assure citizens are protected from asbestos. Asbestos is a carcinogen and was widely used in buildings for fireproofing, thermal and acoustical insulation, condensation control, and decoration. The demolition and renovation of buildings has the potential to release asbestos fibers into the air...Our inspection target is 15% of the notifications. Our current staffing of 5 FTEs is only able to inspect 8% of the structures. This inability to verify compliance places the public directly at risk."

"25 percent reduction in technical staff since 2014; 20 percent reduction in non-personnel costs; 16 percent reduction in administration personnel costs (comparing 2012 to 2017); Reduced response to complaints; Eliminated air quality education programs"

"Reduced staff 12%; Reduced training; Vehicles have not been purchased (When a vehicle is no longer repairable, we eliminate the vehicle, but do not replace it.); Computers and software have not been upgraded; Reduced number of cell phones"

"Due to current resource constraints, minor sources are only inspected when a complaint is made, even those sources subject to the Reasonably Achievable Control Technologies (RACT) included in the...SIP."

How Would a 30-Percent Budget Cut Affect State and Local Agencies' Ability to Meet Federally Mandated Responsibilities?

The FY 2018 budget proposal calls for a reduction of 30 percent (from current levels) in Sections 103 and 105 grants. Nationally, this would reduce federal air quality grants from \$227.8 million to \$159.5 million. State and local air agencies provided input on the impacts of a further reduction of approximately 30 percent in federal grants on their ability to meet their federally mandated responsibilities, including the protection of public health and welfare. Nearly every respondent reported that cuts of this magnitude would severely curtail the benefits the agencies provide to the public. These include not only to the general public, with respect to decreasing air pollution, maintaining clean air and generally protecting public health, but also to the regulated community, in terms of permitting, compliance assistance and other services.

The list of ways in which a 30-percent reduction would affect state and local air pollution control programs is long and varied, affecting nearly every function the agencies carry out. Some of these programs would be reduced to the minimum levels required or, in certain cases, less. Among the programs and activities that would be reduced and/or eliminated, identified by numerous agencies, are the following:

- staffing levels;
- staff training;
- ambient monitoring;
- source inspections;
- permit review and issuance;
- compliance assistance and enforcement efforts for major and minor sources;
- analysis of data and reports;
- maintenance and replacement of equipment, including monitoring and lab equipment;
- asbestos programs;
- complaint investigations and response; and
- environmental justice

The impacts of these reductions that the respondents identified are also far reaching. Numerous agencies noted that they would be operating at a bare minimum level and that the services they provide would be limited or even eliminated. For example, several stated that their ability to review and issue permits in a timely fashion would suffer, including going beyond the timelines required by federal regulations. They would also find it difficult, and in some cases impossible, to continue to provide the public with the timely air quality information to which they are entitled. The state and local agencies' ability to develop air quality plans, including State Implementation Plans, would be hampered by lack of staff and resources. Some agencies indicated they would possibly have to return programs to EPA (see subsequent question). Perhaps most importantly, efforts to obtain healthful air quality and maintain clean air would suffer as a result of these resource constraints on their programs.

Many respondents noted that a 30-percent cut would result in a loss of staff. This would have a lasting impact on the future of air programs in this country. In many cases, the staff that would be eliminated would include the more junior employees. In the words of one respondent, "How are we to sustain an air program in light of coming retirements when there are no mid-level or entry-level staff to take their places? Before proceeding with these reductions, someone needs to answer this question." The fact is, it takes years to train staff to be permit writers, conduct inspections, carry out enforcement, conduct monitoring and modeling and do all the other technical tasks within an air quality agency. According to one respondent: A reduction "will not only reduce our ability to protect human health for the years that funding is low, but also for years after the funding is restored."

Finally, some smaller local air quality agencies noted that they may not be able to withstand a 30-percent reduction in federal grants and could be in danger of dissolving.

This would be a loss to the local population, including the regulated community that generally prefers working with their local agencies that understand their facilities better than the state or EPA.

State and Local Air Agencies – In Their Own Words:

“A cut in our federal grant of 30 percent would impose serious and adverse impacts on our individual state and collective ability to effectively run our air pollution control programs. There would very likely be many more people in our state getting sick and possibly dying as a result of these budget cuts.”

“Because we are at the federal minimum for our air monitoring network and unable to fully meet our planning, inventory, and asbestos compliance requirements, a reduction of 31% would be devastating. We clearly would be unable to meet the federally-mandated responsibilities.”

“Monitoring networks would be reduced and the information provided to citizens would no longer exist.”

“Our current level of service will be significantly reduced...annual inspections of minor sources will most likely be extended to the federal requirement of once every five years. The level of public health protection currently provided will definitely be reduced to reflect the impacts of the budget cuts.”

“Without question, a cut of 31 percent to the already-reduced funding levels would devastate our program. We currently meet or exceed all timeliness goals in our permitting and enforcement programs, and maintain our extensive monitoring network on a 24/7 basis. Under the requested funding reductions, we would be forced to cut our staffing by at least one-third. That really means that at least twelve air quality professionals who have devoted their lives to protecting public health would suddenly be unemployed. ... a reduction in staffing along the proposed lines would significantly delay the issuance of permits for new construction.”

“This size of a reduction could require the shutdown of five of our eight PM2.5 monitoring sites resulting in our region being out of compliance with the Code of Federal Regulations....A 31 percent reduction would reduce our Section 105 funding by approximately \$191,000. This would greatly impact our ability to [p]repare air permits in a timely manner resulting in delays to businesses expanding their existing operations or constructing new facilities. There would be an increase in the number of permits not being processed within the 180 day statutory deadline.”

“Depending how bad the cuts end up being, we’ll be forced to reduce staff significantly. Without sufficient staff, we’d be forced to: Discontinue the NCore monitoring site altogether and give it back to the state or EPA; No longer be able to replace equipment or fix equipment as it breaks resulting in a loss of monitoring data for designation purposes; increased backlog of permits; increased time to get permits issued; little to no enforcement ability; elimination of indoor air and radon program; reduction in compliance assistance for smaller facilities; no facility inspections beyond what is required by CMS policy, if we can meet that; no EIS/NATA data review; reduce or eliminate stack testing; Resources would be shifted to higher priority issues and facilities (i.e. just putting out the fires); Thoroughness of inspections would decrease; inspections would become more of a paperwork exercise.”

“The state and local funding cuts combined with the proposed 30% federal funding cut will result in about a 72% reduction in [our] overall budget. This will significantly impact [our] ability to be here at all, and if we are still here, it will be at a 60-70% decreased staffing level leaving us with 7-10 FTEs to manage a 6 county area. At this level, we will not be able to meet the core requirements of the state contract and federal grants. This includes – permitting, inspections, compliance assistance, asbestos program, complaint investigation, air quality forecasting, pollen/mold data collection, ambient air monitoring, which will all likely result in [our] losing the state contract and federal grants we’ve been awarded for 45+ years.”

“Enforcement would be reduced to only the most serious cases - Violations may not be detected early because there will be less report reviews, inspections, stack tests, and complaint response.”

“Eliminate all education/outreach. Return of some programs to EPA.”

“Our program is bare bones now and most of the budget supports staff salaries. A 31% cut would amount to a cut of \$123,628 which is close to being two staff positions. If we had to cut one or two positions we could not meet the current requirements of our contract with the state.”

“Valid air quality data is necessary to demonstrate [our] compliance with the ambient air quality standards; for evaluating the impacts of air pollution sources to ensure the air quality standards are met; and for use in making air quality and permitting decisions in the protection of public health and welfare. A reduction of federal funds may result in an air quality monitoring network that does not meet federal requirements.”

“The federal grants fund personnel that work on the development of plans (e.g. state implementation plans), strategies, rules, and program revisions necessary to implement the air program and the provisions of the Clean Air Act. Lack of federal funding will likely result in missing federally mandated submittal deadlines.”

“Such a reduction would likely result in a need to eliminate at least 5 of 15 full-time positions and would require a corresponding reduction in [our] Ambient Air Monitoring network including the shutdown of at least 4 monitoring sites. Such shutdowns would impact our ability to accurately predict “Air Quality Action Days” and warn the public of pending poor air quality within the state. In addition, such a cut would likely impact our ability to meet federal air quality planning requirements such as rule development and SIP development and submittal in response to federal requirements.”

“We have many programs and activities that we already perform pro bono for EPA. It is likely that we would focus less on cooperating with EPA directions that do not align with State and Local objectives or do not provide direct benefit to our region. This would result in a fractured air quality program in which areas that are capable of providing services to their residents would do so, while those who cannot would not see the benefits that progressive agencies are able to achieve.”

“The anticipated \$1 million additional reduction in revenue would significantly impact federally-mandated responsibilities. Although the exact impact is yet to be examined and determined, likely outcomes would include:

- A reduction in the number of ambient monitoring stations. These stations are needed to verify compliance with NAAQS. Those that remain operational could only do so while equipment remains operational. As equipment fails, they would be taken off-line and not replaced.*
- The division would struggle to make payroll, and therefore select staff would need to be relocated to other Divisions/Departments within the State. This will likely necessitate elimination of additional programs within the Division. Because the Division operates with program functions that are staffed with one level of expertise, placement of staff to other Divisions or Departments will eliminate that capability within the Division”*

“It would limit or eliminate our ability to do special monitoring studies requested by the public and needed to address questions about local air quality impacts.”

“As EPA’s budget is cut, State and local agencies that are able to continue to improve air quality will be less likely to share their data with EPA. The less that data is shared, the less efficient air quality agencies will become as programs and activities are “reinvented” and lessons learned not shared. This would not serve the public interest. In addition, industries would have a much more complex regulatory structure in which to operate, as State and local agencies put in place regulations that may change from area to area, or concentrate in areas without regulations degrading air quality in pockets of the nation. Those pockets would likely suffer more negative health outcomes and suffer other disproportionate impacts.”

“These cuts ignore reality; because we still have to meet all the existing federal requirements, even the ones the new administration doesn’t like. When we fail, due to a lack of resources, it will be local taxpayers who bear the burden of paying environmental groups’ legal fees.”

Could States and Localities Make Up for Reduced Federal Grants?

As reported above, state and local governments already provide significant funds for air pollution programs. While the Clean Air Act envisions the federal share of the cost of state and local air programs to be 60 percent, with the state and local agencies providing a 40-percent match, the reality is that state and local air agencies provide over three-fourths of their budgets (not including permit fees under the federal Title V program).

NACAA asked the members to what extent they might be able to make up for the reductions in federal grants through additional state or local appropriations, general funds, grants or other contributions. Nearly every respondent had a similar response: it is highly likely (or even a certainty) that additional funds from the state or local governments will NOT be forthcoming to make up for additional federal grant reductions. Several agencies noted that they could consider increasing fees to address the shortfall, but that gaining approval for fee increases is unlikely as well. Additionally, fees collected under Title V of the Clean Air Act may be used only for costs related to the permitting program and are prohibited to support activities eligible for federal Section 105 grants.

State and Local Air Agencies – In Their Own Words:

“The Air Program has not received any state funding in over 20 years. Permit processing fees have doubled in the last 5 years. NO additional funding would be anticipated.”

“Our organization already provides additional funding since federal and state dollars are not enough to operate the required programs. Our organization has increased its percent of local contribution by 21% (comparing percent of local dollars in 2017 to the average of 2013 – 2016). We do not have the additional local resources to make up for the proposed reductions indefinitely.”

“The Clean Air Branch could potentially seek to even further raise permit application and annual fees charged to permitted sources to try and make up for losses in federal funding. However, further raising of fees is not a solution to this problem as such a fee increase would have a significant negative impact on [our] businesses and [our] economy.”

“We are currently taxed/fee to the limit. State and local sources have no capabilities to take on more taxes/fees.”

“It is unlikely that we would be able to make more adjustments in our fees collected from regulated facilities, and we would be competing with other state agency programs to request additional state appropriations.”

“We have no ability to ask the state for additional funding, since we expect funds to be cut by the state. This will additionally hamper our ability to carry out state mandated air quality regulations. We just raised the per capita assessment fee to cities and counties in our region and can’t ask for another large fee increase. We raise fees charged to business and the assessment fee by the CPI to try to keep up with inflation. Much of our counties and cities are still recovering from the recession and can’t increase funding to our agency due to their own dire financial situation.”

“The Division has very limited ability to make up for these reductions. Our funding source mix includes: General funds, Federal Grants, Permit Fees, Regional Greenhouse Gas, and Department of Transportation. We are facing similar pressures with general fund cuts. Further, we do not anticipate that our permit holders will support an increase in their fees to supplement this federal reduction. In fact, due to significant emission reductions in this sector, the customer group is expecting the Division to reduce fees for services rendered. Lastly the EPA established guidelines for allowable activities that can be charged to permit holders. Department of Transportation and greenhouse gas funding offer the only opportunities for supplemental support.”

Would State and Local Agencies Turn Programs Back to EPA?

If a state or local air quality agency is unable to implement Clean Air Act requirements, it may be forced to turn some of its important work back to the federal government. As local communities, including many regulated entities, generally prefer working with their local and state agencies (as opposed to EPA), the return of responsibilities to the federal government would be a loss.

NACAA asked its members if a cut of approximately 30 percent in federal grants would result in their agencies considering or being forced to turn air quality work back to EPA in whole or in part. Most said they foresee having to turn programs back to the state (in the case of a local agency) or EPA if there are steep cuts in grants. Some indicated that it is difficult to conduct an analysis without knowing the full impact of projected cuts, but that turning programs back to EPA is definitely something they would have to contemplate if the projected cuts materialize. Specifically, monitoring is a program that multiple agencies identified as one they may have to return to EPA.

Respondents noted that EPA is unlikely to be able to carry out the work the agencies may return to them, especially if EPA's budget is subject to the proposed sharp decreases as well. Additionally, EPA would not be able to perform the state and local agencies' functions at the same cost that state and local agencies do.

State and Local Air Agencies – In Their Own Words:

“Cutting the 103 grant by 31% would possibly result in the loss of three staff members in the air quality laboratory who are needed to operate our ambient air quality monitoring system. Significant cuts to 103 funding could result in the state being forced to turn over maintenance and operation of the ambient air quality monitoring network to EPA.”

“Currently evaluating what to return to EPA based on just state cuts and attrition.”

“Yes, perhaps. This is a question states ask themselves every year as federal funding declines. However, [we] would much rather serve our citizens than have EPA do it, but we can't continue to do that if federal funding continues to be cut.”

“If a federal budget passes that mandates reductions, we will need to evaluate how we will reduce our efforts accordingly. This may mean returning specific programs and/or reducing our efforts in other programs. With the biggest expenditures related to air monitoring, reduction in this area would likely be considered first.”

“Would have to be negotiated with EPA Region; but if there is an X% reduction in the grant, we would expect EPA to pick up X% of the duties.”

“Absolutely, we would look at ALL air quality regulatory obligations and likely could not do everything that was expected of us. Exactly what program areas would be returned are not known at this time.”

“We have not fully analyzed what we would cut if the proposed reductions were enacted. Having said that, if the reductions required the divestment of monitors, the monitors still need to be in operation per CFR, so US EPA would have to take on that operation. It would be difficult for US EPA to run the monitors for the same cost that we operate them. Additionally, US EPA may have to take on facility inspections.”

“We’d no longer do any air toxics work.”

“It actually could result in this happening....[we] would have to give up parts of the program that make us valuable to the community. If EPA receives the proposed cuts to their budget they will be in no position to take up any slack for state or local air programs.”