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**Testimony of the
State and Territorial Air Pollution Program Administrators
and the
Association of Local Air Pollution Control Officials
Before the Senate Appropriations Subcommittee on Interior and Related Agencies
Regarding the FY 2007 Budget of the U.S. Environmental Protection Agency
April 25, 2006**

The State and Territorial Air Pollution Program Administrators (STAPPA) and the Association of Local Air Pollution Control Officials (ALAPCO) appreciate this opportunity to provide testimony regarding the FY 2007 proposed budget for the U.S. Environmental Protection Agency (EPA), particularly federal grants to state and local air quality agencies under Sections 103 and 105 of the Clean Air Act. STAPPA and ALAPCO are extremely concerned that EPA's proposed \$35.1 million cut – 16 percent – in grants to state and local agencies will be devastating and will impair our ability to provide clean, healthful air throughout the country. Accordingly, our associations recommend that Congress restore this funding and increase the budget request by at least \$35.1 million, for a total of \$220.3 million. Additionally, grants for the PM monitoring program should not be shifted from Section 103 authority to Section 105.

STAPPA and ALAPCO are the national associations of air quality officials in 53 states and territories and over 165 metropolitan areas across the country. The Clean Air Act gives state and local air quality officials the primary responsibility for implementing our country's clean air program. These agencies, on the frontlines of implementation, must work to limit or prevent emissions of many pollutants, such as particulate matter (PM), ground-level ozone and toxic air pollution. They must implement activities designed to reduce those pollutants and protect public health and welfare, including, among many others, monitoring air quality, developing emissions inventories, preparing State Implementation Plans, permitting sources, inspecting facilities, enforcing regulations, educating the public and responding to citizens' complaints.

Our concern about the effects of the proposed funding cuts is shared by many members of the United States Senate. In fact, a bipartisan group of 33 Senators sent a letter on April 7, 2006 to Senators Conrad Burns and Byron Dorgan of this Subcommittee urging that funding for state and local air grants be restored to \$220.3 million in FY 2007 and that funds for PM monitoring *not* be shifted from Section 103 authority to Section 105.

Air Pollution in America

While great strides have been made in reducing levels of air pollution, millions of Americans continue to breathe unhealthful air. Over 160 million tons of pollution are emitted

annually in this country and more than 150 million people live in areas that violate at least one of the six health-based National Ambient Air Quality Standards (NAAQS). Fine PM alone is responsible for up to 30,000 premature deaths each year and causes other health problems, such as aggravation of existing respiratory and cardiovascular disease, damage to lung tissue, impaired breathing, irregular heart beat, heart attacks and lung cancer.

There are many other pollutants that threaten the health of the public. New information just released as part of EPA's National-Scale Air Toxics Assessment presents a very troubling picture about the prevalence of toxic air pollutants. For example, when the cancer risks from all air toxics compounds listed as known, probable or possible carcinogens based on human data are combined, EPA estimates that more than 270 million people live in census tracts where the combined upper-bound lifetime cancer risk exceeded 10 in one million risk (one in one million risk is generally considered acceptable). Additionally, more than 92 percent of the population in this country lives in areas with "hazard index" values for respiratory toxicity greater than 1.0 (with 1.0 being the level above which adverse effects to the respiratory system occur).

Funding for State and Local Air Grants

State and local air pollution control programs are funded through state and local appropriations, the federal permit fee program under Title V of the Clean Air Act, state and local permit and emissions fees, and federal grants under Sections 103 and 105 of the Clean Air Act. Section 103 has usually funded specific monitoring efforts, while Section 105 supports the foundation of state and local air quality programs, including, but not limited to, personnel.

The Clean Air Act authorizes the federal government to provide grants up to 60 percent of the cost of state and local air quality programs, while state and local agencies must provide a 40-percent match (as per Section 105). In reality, however, the federal government provides approximately 25 percent of the total state/local air budget, while state and local governments supply 75 percent (not including income from Title V permit fees, which state and local agencies collect from major sources and can fund *only* permit-related activities). In a time of limited state and local resources, where state and local governments are straining to maintain existing programs, additional federal funding is needed to meet the challenges of air quality programs.

The total amount needed for state and local efforts to implement the Clean Air Act is estimated to be in excess of \$1 billion each year. If EPA were to supply 60 percent of that amount, as the Clean Air Act envisioned, federal grants would amount to close to \$600 million annually. However, the FY 2006 budget for state and local air quality grants under Sections 103 and 105 of the Clean Air Act was \$220.3 million, which is far short of the amount needed. Furthermore, over the past decade, federal grants for state and local air agencies to operate their programs (not including the Section 103 monitoring program) have decreased by 25 percent in terms of purchasing power (based upon U.S. Department of Labor inflation statistics).

FY 2007 Proposed Budget

The President's FY 2007 budget request not only fails to provide necessary additional funds, but would *decrease* state and local grants by \$35.1 million (16 percent), from \$220.3

million to \$185.2 million in the following manner: 1) \$15.6 million from the Section 105 grant program; 2) \$17 million from the Section 103 fine particulate monitoring program (also, under the FY 2007 budget request, the funds remaining in the fine particulate monitoring program – \$25 million – would be funded under the Section 105 authority, rather than the Section 103 authority, so state and local agencies would have to provide additional matching funds, pursuant to Section 105 requirements); and 3) \$2.5 million from the regional planning organizations.

Budget Cuts Would Severely Undermine State and Local Air Quality Efforts

Cuts of this magnitude would severely hamper state and local efforts to provide important public health protections. The reductions would be detrimental to critical efforts to reduce ozone, small particle and toxic air pollution, enforcement and compliance activities, monitoring and a host of other programs that are key to improving and preserving healthful air quality. The impacts of the cuts would be further exacerbated by the budget's proposal to shift grants in the PM monitoring program from Section 103 authority (which does not require a 40-percent match) to Section 105 authority. Under the budget proposal, state and local agencies would need to supply additional funds in order to accept the federal grants.

State and local air quality agencies face several very important new requirements that will be costly to implement. For example, EPA has designated over 475 counties across the nation as nonattainment for the PM and ozone air quality standards. States must develop and submit State Implementation Plans (SIPs) by 2007 and 2008, identifying specifically how those areas will meet the health based standard by the deadlines.

Very recently, STAPPA and ALAPCO asked state and local air agencies to estimate the real-world ramifications of a 16-percent budget cut to their programs. The associations compiled those estimates into a report entitled, *Impact of Proposed FY 2007 Budget Cuts on State and Local Air Quality Agencies* (March 14, 2006), which paints a vivid picture of the difficulties state and local air agencies would have accommodating such deep cuts. This report has been provided to each member of the Appropriations Committee and additional copies are available from STAPPA/ALAPCO (www.4cleanair.org).

The report contains alarming information about what the proposed budget could mean for air agencies. If the proposed reductions occur, on average, each state will lose \$700,000 (i.e., an average reduction of approximately \$340,000 in fine particulate monitoring and \$360,000 from the other elements of the air quality program). While some agencies will experience greater or lesser reductions than the average, all agencies will likely be affected by these decreases.

Most state and local agencies reported that they would be forced to lay off staff or leave current vacancies unfilled. This loss of staff and expertise is very significant because, even if there are budget increases in future years, the trained personnel that leave the agency would likely be unavailable to the agency in the future and training new staff would be very costly.

Many agencies reported that they would have to shut down existing monitors or otherwise curtail their monitoring programs. Many also reported that the reductions would impair their ability to conduct inspections and carry out enforcement activities, thus rendering

the clean air requirements less effective. Additionally, permits for non-Title V sources (e.g., minor sources) will take longer to process and customer service will diminish.

The funding cuts could seriously impair the ability of state and local agencies to prepare new plans for implementing ozone and PM standards. The development of effective State Implementation Plans (SIPs) is essential to ensure that measures will be adopted that reduce air pollution and protect public health. Without funds to develop and carry out the SIPs, several areas currently meeting the standards may no longer attain them. Not only would air quality worsen, but nonattainment areas are subject to more onerous requirements.

Several agencies noted that they could be forced to return portions of their programs to EPA due to a lack of funds to carry them out. Not only will this place excessive burdens on EPA, but there would be an additional loss of resources for the air program as state and local funds that are currently leveraged as part of the matching requirements would no longer be spent on those Clean Air Act activities.

The budget cuts would be further exacerbated by the proposal to shift the fine particulate monitoring program from Section 103 to Section 105 authority, requiring a 40-percent match. Some agencies do not currently have additional funds for the match. Because of two-year legislative cycles or the timing of budget development, some agencies can not supply additional matching funds without a reasonable transition period in which to make adjustments. They could be forced to turn away grant funds.

Perhaps most troubling of all, if the proposed reductions occur, several local air quality agencies face the very real possibility of having to close their operations entirely. This would be a terrible loss for those local areas.

Conclusion

The proposed budget for FY 2007 calls for a significant reduction in Section 103 and 105 grants at the same time that the workload of state and local air agencies is dramatically increasing. Such cuts will have a devastating effect on many state and local air agencies' programs. We understand that the federal budget is finite and Congress must make very difficult choices. However, air pollution poses a very serious threat to public health and the environment. In fact, we are not aware of any other environmental problem that presents a *greater* risk. The benefits of air quality programs have been estimated to exceed their costs many times over. Therefore, when establishing priorities for federal funding, it is prudent to identify the improvement and protection of air quality as one of the government's highest priorities.

STAPPA and ALAPCO recommend that the FY 2007 budget for federal grants to state and local air quality agencies under Sections 103 and 105 of the Clean Air Act be increased above the President's request by at least \$35.1 million (from \$185.2 million to \$220.3 million), restoring it to the final FY 2006 level. Additionally, grants for the particulate monitoring program should not be shifted from Section 103 authority to Section 105.

Thank you very much for your consideration of our recommendations.