

**Testimony of the
National Association of Clean Air Agencies
before the Senate Appropriations Committee
Subcommittee on Interior, Environment, and Related Agencies
Regarding the FY 2009 Budget of the U.S. Environmental Protection Agency
April 10, 2008**

The National Association of Clean Air Agencies (NACAA) represents the state and local air quality agencies in 53 states and territories and over 165 metropolitan areas across the country. NACAA appreciates the opportunity to provide testimony on the FY 2009 proposed budget for the United States Environmental Protection Agency (EPA), particularly federal grants for state and local air pollution control agencies under Sections 103 and 105 of the Clean Air Act, which are part of the State and Tribal Assistance Grant (STAG) program. NACAA recommends that grants within the STAG program for state and local air pollution control agencies under Sections 103 and 105 of the Clean Air Act be increased in FY 2009 by \$84.7 million above the President's request, for a total of \$270.3 million. This represents a restoration of the \$31.2-million cut contained in the President's request, along with an increase of \$53.5 million. Additionally, NACAA requests that grants for the fine particulate matter monitoring program *not* be shifted from Section 103 authority to Section 105 authority, as the Administration's budget proposal recommends. The increase NACAA is recommending would not be an earmark because these expenditures are authorized under the Clean Air Act and the funds would be awarded to state and local air pollution control agencies in all 50 states.

Thank you very much for restoring in FY 2008 the grants for state and local air agencies that were targeted for a reduction in the President's request last year. The members of NACAA were extremely gratified by your commitment to clean air and public health and hope you will again restore the grants that would be cut under the President's request and provide an increase above last year's amount to support important air quality activities that are described below.

Restoration of State and Local Air Grants is Essential to Clean Air Efforts

For the third straight year, the Administration's budget request calls for \$185.6 million for grants to state and local air quality agencies, which is a significant reduction compared to the FY 2008 appropriated level – a cut of over 14 percent. These grants, provided under Sections 103 and 105 of the Clean Air Act, are critical to state and local agency efforts to implement the many complex requirements of our nation's clean air program. Reductions of this magnitude would have a devastating effect on our clean air efforts across the country.

When EPA proposed similar cuts in each of the last two years, NACAA members analyzed the specific impacts the reductions would have on their programs and reported very disturbing results (see www.4cleanair.org/StateandLocalExamplesofImpactsofCuts.pdf and www.4cleanair.org/documents/FY2008budgetanalysisfinal022607.pdf). Because the proposed budget for FY 2009 is the same, similar negative impacts would be expected. For example, most

state and local air agencies reported that the reductions would force them to lay off valuable staff or leave current vacancies unfilled. Many agencies would shut down existing monitors or otherwise curtail monitoring programs. Many inspection and enforcement activities would be impaired. Permits for minor sources would take longer to process and customer service would diminish. Some smaller local agencies might even be forced to cease operations entirely – a loss with significant negative consequences for those areas. Finally, the proposed cuts would deprive the Regional Planning Organizations of necessary tools and resources to help state and local agencies carry out technical activities related to regional haze that they have done so successfully for years.

The impact of the proposed decreases would be exacerbated by the proposal to shift grants for the fine particulate matter (PM_{2.5}) monitoring program from Section 103 authority (which does not require a 40-percent match from state and local recipients) to Section 105 authority and reduce them by the amount of the 40-percent match. Because of the inability of some state and local air agencies to provide matching funds specifically dedicated to PM_{2.5} monitoring, there would be significant cuts to this important program, and some agencies could be forced to turn away much-needed grant funds and cease monitoring efforts for this pollutant. PM_{2.5} is very damaging to public health, even leading to thousands of premature deaths. The air quality monitoring program is the foundation of state and local air agencies' efforts to understand the nature of the PM_{2.5} problem and address it. Dedicated funding under Section 103 has enabled states and localities to build a strong PM_{2.5} monitoring program. NACAA urges you to retain the PM_{2.5} monitoring program under Section 103 authority.

Additional Funds Above FY 2008 Levels are Needed for Continuing and New Activities

In addition to restoring the proposed cuts, NACAA recommends that federal funding for state and local air programs be increased. While the need for additional funding for air programs is great, we recognize that there are many competing claims on federal resources and that full funding is not possible in the current economic climate. Therefore, NACAA is requesting only a portion of the optimal amount. However, the following information is provided as context, to illustrate that the amount NACAA is requesting is truly a fraction of what is needed.

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 quality programs, while states and localities must provide a 40-percent match. In reality, the federal government provides only about 25 percent of the total (not including Title V permit fees, which state and local agencies collect from major sources and can use to fund *only* permit-related activities). The total amount needed to fund state and local efforts to implement the Clean Air Act is estimated at over \$1 billion each year. If the federal government were to provide 60 percent of that amount, as the Clean Air Act envisions, federal grants would equal approximately \$600 million annually. However, federal grants have been only about one-third of this total in recent years. To make matters worse, over the past 15 or 20 years, federal grants for state and local air pollution control agencies to operate their programs have decreased by approximately one-third in terms of purchasing power.

While significant grant increases are needed to carry out state and local agencies' *existing* obligations, they are facing several important *new* responsibilities that will even further strain

their budgets. For example, state and local agencies are in the midst of developing State Implementation Plans for haze, PM_{2.5} and ozone, requiring new activities for each program, all of which are time-consuming, labor intensive and costly. These include, among others, emission inventory development, emissions and air quality modeling to determine what reductions are needed, development of strategies to decrease emissions, adoption of regulations, stakeholder outreach, and coordination with EPA to ensure the plans are acceptable.

Additionally, EPA has just tightened both the PM_{2.5} and ozone standards. The new standards will require states and localities to greatly expand their ambient monitoring networks, necessitating additional equipment and staff. With regard to ozone, over 250 additional counties are expected to violate the just-promulgated primary health standard. Additional monitors will be needed in these areas, as well as in numerous counties across the country where there is currently no data being collected. Further, as a result of the lower standard, a month has been added to the ozone season in many areas, meaning that more staff and resources will be needed to sample during the longer season. It is estimated that an additional \$15-20 million will be needed for these ozone monitoring activities. The existing PM_{2.5} network is also inadequate, especially in light of the recently tightened daily standard. An estimated \$10-15 million in additional funds are needed to ensure that the PM_{2.5} monitoring network is sufficient.

Another example of additional workload is the implementation of standards for smaller – or “area” – sources of hazardous air pollutants (HAPs), many of which have not been regulated before. Pursuant to a court order, EPA is issuing 50 standards to reduce HAP emissions from area sources that, in the aggregate, are responsible for significant emissions. For state and local agencies that will implement the standards, locating facilities, providing compliance assistance and outreach, permitting and enforcing requirements will be labor intensive. Because most of these sources are too small for the Title V permit program, they will not pay permit fees. Thus, state and local agencies will need additional grant funds to take delegation of this new program.

Why Is Air Pollution a Concern?

With all the competing requests facing Congress, it is appropriate to ask why air pollution activities should receive additional funding. The answer is that dirty air poses a significant risk; tens of thousands of people die prematurely every year and many more suffer ill-health as a result of air pollution. In fact, it would be fair to say that more people die from exposure to air pollution than from almost any other problem that this Subcommittee addresses.

While great progress has been made under the Clean Air Act, millions of people in this country continue to breathe unhealthful air. Over 150 million people live in areas that violate at least one of the six health-based National Ambient Air Quality Standards (NAAQS). Exposure to these pollutants causes a host of problems including aggravation of existing respiratory and cardiovascular disease, damage to lung tissue, impaired breathing, irregular heart beat, heart attacks, lung cancer and death. The pollutants covered by the NAAQS are not the only problems this country faces. EPA’s own data on toxic air pollution estimate that more than 270 million people in this country live in census tracts where the combined upper-bound lifetime cancer risk exceeds 10 in one million (one in one million is generally considered “acceptable”). Further,

over 92 percent of the population lives in areas with “hazard index” values for respiratory toxicity above 1.0 – the level above which adverse effects to the respiratory system occur.

Diesel Retrofit Funding Should Be Increased

NACAA is a member of a broad coalition of over 200 groups, representing public-interest, environmental, business and governmental organizations, among others. The coalition recognizes the importance of adequate funding for state and local air quality agencies and recommends that federal grants to them be increased. The coalition also recommends that Congress provide \$70 million in FY 2009 for programs authorized by the Diesel Emissions Reduction Act (DERA). The DERA programs are intended to decrease the amount of harmful microscopic particles in the ambient air resulting from diesel exhaust. NACAA urges Congress to provide this funding to these important efforts. Additionally, because the funds provided for the DERA activities will support more than just state and local air agencies, NACAA recommends the program be funded through an EPA account other than STAG.

EPA Should Obtain State and Local Concurrence for Earmarks

NACAA believes Congress’ intention in providing grant funds is to support the activities of state and local air agencies. Accordingly, EPA should not dictate precisely how these funds must be spent without considering the recommendations of state and local air agencies and the fact that each area may have different air quality priorities. When EPA earmarks new or existing grant funds for very specific projects or initiatives without first consulting with state and local agencies, the result can be an allocation of resources that is inefficient and ineffective. It would be helpful if this Subcommittee reminded EPA of the need to discuss with and obtain prior concurrence from state and local air agencies on any earmarks for specific activities or programs.

Conclusion

The President’s budget request calls for a significant decrease in grants to state and local air agencies at a time when these entities are required to take on significant new responsibilities. This would make it difficult, if not impossible, for many state and local clean air agencies to carry out the tasks that are essential to their mission, which is protecting public health by achieving and maintaining improvements in air quality. Not only would budget decreases at this time be intolerable, but air agencies require additional resources to meet their responsibilities.

NACAA recommends that the FY 2009 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 \$84.7 million (from \$185.6 million to \$270.3 million). This represents a restoration of the \$31.2-million cut contained in the President’s request, along with a modest increase of \$53.5 million. Additionally, grants for the PM_{2.5} monitoring program should not be shifted from Section 103 authority to Section 105 authority.

Thank you for this opportunity to provide testimony on this important issue and for your careful consideration of the impacts that deficient funding will have on air quality and public health.