

**Testimony of the National Association of Clean Air Agencies
Provided to the Senate Appropriations Committee
Subcommittee on Interior, Environment, and Related Agencies
Regarding the FY 2012 Budget for the U.S. Environmental Protection Agency
May 5, 2011**

The National Association of Clean Air Agencies (NACAA), an association of air pollution control agencies in 51 states and territories and over 165 metropolitan areas across the country who have the primary responsibility under the Clean Air Act for implementing our nation's clean air program, appreciates this opportunity to provide testimony on the FY 2012 proposed budget for the United States Environmental Protection Agency (EPA). NACAA supports the President's request for a \$78.9-million increase over FY 2010 levels in federal grants for state and local air pollution control agencies under Sections 103 and 105 of the Clean Air Act – part of the State and Tribal Assistance Grant (STAG) program. This would raise to \$305.5 million the total amount of Section 103/105 air grants to state and local air agencies.

Air Pollution Threatens Public Health

Simply put, air pollution kills people. In the United States, exposure to dirty air causes tens of thousands of premature deaths each year and results in serious health problems, such as the aggravation of respiratory and cardiovascular diseases; difficulty breathing; increased susceptibility to respiratory infections; adverse effects on learning, memory, IQ, and behavior; and cancer. Air pollution also harms vegetation and land and water systems, impairs visibility and causes other adverse impacts.

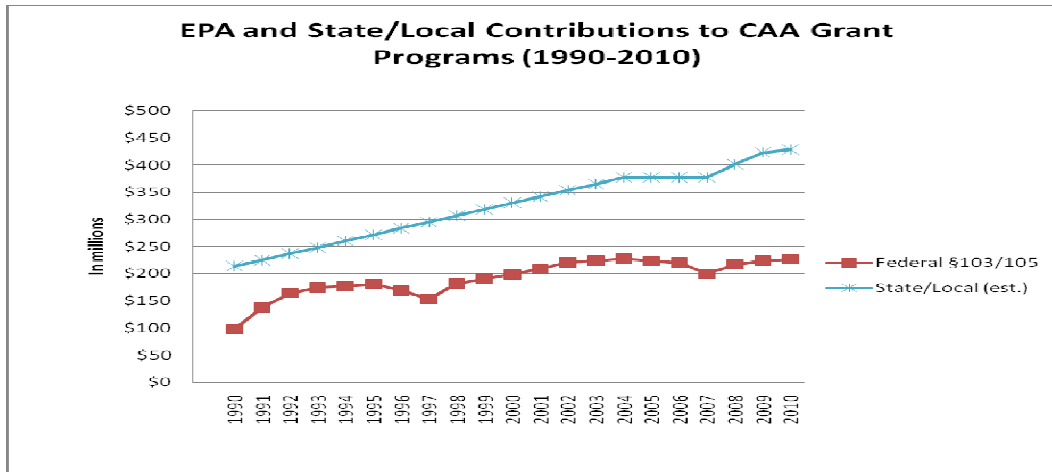
There are few places, if any, where one can escape dirty air in this country. According to EPA, approximately 127 million people lived in counties that exceeded at least one of the health-based national ambient air quality standards (NAAQS) in 2008.¹ With a new health-based standard for ozone, this number will likely be higher. With respect to hazardous air pollutants, or “air toxics,” EPA data show that *everyone* in the U.S. has an increased cancer risk of over 10 in one million (one in one million is generally considered “acceptable”).² We doubt this Subcommittee addresses any other issues that cause more preventable deaths each year.

Substantial Funding Increases for State and Local Air Quality Programs Are Essential

State and local air quality agencies have been faced with insufficient budgets for many years. 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, while states and localities must provide a 40-percent match. But the truth is that state and local air programs, on average, supply 77 percent of their budgets (not counting permit fees under the federal Title V program), while federal grants equal only 23 percent. State and local agencies provide far more than their fair share of the funding. The graph below illustrates this funding disparity.

¹ *Our Nation's Air: Status and Trends Through 2008* (February 2010), EPA, www.epa.gov/airtrends/2010/.

² National Air Toxics Assessment for 2005 - Fact Sheet, www.epa.gov/ttn/atw/nata2005/05pdf/sum_results.pdf.



Due to the budget crisis, state and local governments are increasingly strapped for resources and finding it ever more difficult to carry the federal government’s share of the funding responsibility. According to data from the Environmental Council of the States (ECOS), state environmental budgets are declining significantly, decreasing 11.6 percent from FY 2009 to FY 2011.³ From a survey of 37 states, ECOS found that 2,112 environmental agency positions have been eliminated or held vacant due to budget limitations in FY 2010.⁴ Because of the continuing adverse impact of the recession on states and localities, air agencies will continue to make more painful decisions, such as reducing or cutting air programs that protect public health.

As a result of these funding woes, states and localities must increasingly rely on federal contributions. Unfortunately, federal grants to state and local air agencies (as the graph shows) have been relatively stagnant and the purchasing power has actually *decreased* due to inflation. In fact, federal grants decreased by nearly 10 percent in purchasing power between FY 2000 and FY 2010. At the same time, the responsibilities air agencies face have increased dramatically.

A 2009 NACAA funding study showed that there is an annual shortfall of \$550 million in federal grants for state and local air programs.⁵ While the proposed increase would not solve all our funding problems, it would be very helpful in our efforts to obtain and maintain healthful air quality. Because state and local agencies already provide 77 percent of their budgets, meeting the 40-percent match associated with this increase nationally should not be a problem.

We recognize that Congress must choose among many worthy programs in determining how to appropriate scarce resources. But we also note that air quality programs are extremely cost effective and improvements in public health advance the health of our economy. Fewer sick days, less spending for health-care costs and a healthier and more productive workforce have great economic benefits. An EPA analysis from March 2011 shows that the benefits of the Clean

³ *ECOS Green Report – Status of State Environmental Agency Budget, 2009-2011* (August 2010), Environmental Council of the States, http://ecos.org/files/4157_file_August_2010_Green_Report.pdf.

⁴ *ECOS Green Report – Impacts of Reductions in FY 2010 on State Environmental Agency Budgets* (March 2010), Environmental Council of the States, http://ecos.org/files/4011_file_March_2010_ECOS_Green_Report.pdf.

⁵ *Investing in Clean Air and Public Health: A Needs Survey of State and Local Air Pollution Control Agencies*, (April 2009), NACAA, <http://www.4cleanair.org/Documents/Reportneedssurvey042709.pdf>.

Air Act since 1990 have exceeded the cost by over 30 to one.⁶ This is a substantial return on our investment. Additionally, a University of Massachusetts/Ceres study showed that upcoming Clean Air Act rules will create almost 1.5 million new jobs.⁷ The additional grants will also stimulate the economy by creating new jobs within air quality agencies across the country. While not all grants will be used for personnel, they could fund up to 700 new jobs, averaging 14 per state. Finally, well-funded and well-run air agencies are better able to serve the community, including through more effective permitting and compliance assistance. These services help fuel the recovery of our local economies. Considering this and the fact that the public's health and welfare are at stake, we simply cannot afford to underfund these important programs.

The Administration's Request Includes Increases for Essential Programs

The President's proposed budget includes increases over FY 2010 levels in four primary areas: Core Activities, Increasing Capacity for Greenhouse Gas Permitting, Monitoring and Support for the Greenhouse Gas Reporting Rule. These are all extremely important efforts in need of increased financial support.

Core Activities (\$37.4 million) – The President's request rightfully recognizes the importance of state and local air agencies' core programs by calling for additional grant funds to support them. Without a doubt, new and innovative efforts are necessary, but ongoing core programs are critical as well, including the day-to-day activities that are the foundation of our programs. The additional funds will support continuing program responsibilities and the increased workload that state and local air agencies face as EPA updates its health-based NAAQS. Agencies must update or prepare new State Implementation Plans (SIPs) for ozone, nitrogen dioxide (NO₂), sulfur dioxide (SO₂), lead and fine particulates. For example, SIPs for the 2006 PM_{2.5} standard are due in December 2012, for the new lead standard in late 2011, 2012 and 2013, and for the new SO₂ and NO₂ standards in 2013 and 2014. State and local agencies must develop these plans, which require complex tasks, such as compiling emission inventories, carrying out sophisticated modeling, significantly expanding and operating monitoring networks, adopting and enforcing regulations and addressing multi-pollutant and multi-state transport issues, among other things.

Increasing Capacity for Greenhouse Gas Permitting (\$25 million) – State and local agencies must continue to expand their capacity to issue greenhouse gas (GHG) permits for new and modified sources under the "Prevention of Significant Deterioration" program and Title V operating permits for existing sources. The increase would be used as states take on these tasks by supporting staff development and training, program planning and analysis, source identification, outreach to industry and responding to the public.

Support for the Greenhouse Gas Reporting Rule (\$1.5 million) – The President's proposed budget includes funding to assist state and local agencies in the collection, review, analysis and

⁶ *The Benefits and Costs of the Clean Air Act Amendments from 1990 to 2020* (March 1, 2011), EPA, <http://www.epa.gov/air/sect812/feb11/summaryreport.pdf>.

⁷ *New Jobs – Cleaner Air: Employment Effects under Planned Changes to the EPA's Air Pollution Rules* (February 2011), Ceres and the Political Economy Research Institute of the University of Massachusetts, Amherst, http://www.peri.umass.edu/fileadmin/pdf/other_publication_types/green_economics/CERES_PERI_Feb11.pdf.

use of greenhouse gas registry emissions data and linking state-based reporting systems to EPA's new system.

Monitoring (\$15 million) – State and local agencies must increase monitoring activities to address new and revised standards for ozone, lead, NO₂ and SO₂. Additionally, more monitoring of hazardous air pollution is needed in locations where the public lives, works, attends school and carries out daily activities. These efforts require purchasing additional ambient air monitoring equipment that provides essential information about the levels of pollutants in the air and, later, the success of control measures. While the President's request for increased grants to acquire new monitoring equipment in FY 2012 is not sufficient to address *all* the additional monitoring needs, it will be very helpful as state and local agencies expand their monitoring capabilities to address the new and revised standards and hazardous air pollutants. The increases are especially critical since they were needed in FY 2011 but have not been appropriated, putting state and local agencies behind in their schedules for acquiring and deploying this equipment.

EPA is once again recommending that fine particulate monitoring funds be shifted from Section 103 authority, where no match is needed, to Section 105, which would require additional matching funds. We request that these funds remain under Section 103 authority, as they have in the past, rather than EPA beginning a phased-in shift of these funds to Section 105 authority. For individual agencies that have concerns about the matching requirements, this will ensure that they can continue receiving these monitoring funds.

Diesel Retrofit Funding Should Be Restored

NACAA is a member of a broad coalition representing public-interest, environmental, business and governmental organizations, among others, supporting funds for diesel retrofits. The coalition is disappointed that the President did not request grant funds authorized by the Diesel Emissions Reduction Act (DERA). The DERA programs have a successful record of substantially decreasing harmful particle pollution from diesel exhaust. We ask that Congress provide \$50 million in FY 2012 for DERA funding. Of course, funding for DERA should supplement, and not come at the expense of, state and local air agency grants.

Conclusion

The President's budget request calls for essential increases in grants for state and local air quality programs at a time when these agencies must handle both continuing and significant new responsibilities. While the proposed increases would not fully address the enormous deficit that these programs face, they would provide additional support when it is desperately needed.

NACAA recommends, therefore, that Congress appropriate the President's FY 2012 request for federal grants to state and local air quality agencies under Sections 103 and 105 of the Clean Air Act, which is \$305.5 million (\$78.9 million above FY 2010 levels). Additionally, NACAA recommends that DERA programs be funded in the amount of \$50 million.

Thank you for this opportunity to testify and for considering the efforts of state and local air quality programs as they improve and protect public health.